COURSE: 312- CUSTOMER RELATIONSHIP MANAGEMENT

SYLLABUS

UNIT-I

CRM concepts; acquiring customers; customer loyalty and optimising customer relationships; CRM defined; success factors; the three levels of Service/Sales Profiling- Service Level Agreements(SLAs); creating and managing effective SLAs.

UNIT – II

CRM in Marketing: one-to-one relationship marketing- cross-selling and up-selling-customer retention, behaviour prediction- customer profitability and value modeling- channel optimization-event-based marketing- CRM and customer service- the call centre; call scripting- customer satisfaction measurement.

UNIT – III

Sales Force: sales process, activity, automation- lead and knowledge management- field force automation- CRM links in e-Business- E-commerce and customer relationships on the Internet-Enterprise Resource Planning (ERP)- Supply Chain Management (SCM),- Supplier Relationship Management (SRM),- Partner Relationship Management (PRM).

UNIT – IV

Analytical CRM: Managing and sharing customer data- customer information databases- ethics and legalities of data use- data warehousing and data mining concepts- data analysis- Market Basket Analysis (MBA)- clickstream analysis, personalization and collaborative filtering.

UNIT – V

CRM implementation: Defining success factors- preparing business plan requirements, justification and processes- choosing CRM tools- defining functionalities- home-grown versus out-sourced approaches- managing customer relationships- conflict and complacency, resetting the CRM strategy. Selling CRM internally- CRM development team- scoping and prioritizing- development and delivery-measurement.

UNIT-I

CRM

CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management (CRM) is a business approach that places the customer at the center of organisational decisions. It combines strategy, people, processes, information and technology to understand customers, acquire suitable customers, serve them effectively, retain profitable relationships and develop long-term value. CRM is not merely a software package or a database. It is a coordinated way of managing the complete relationship between an organisation and the people or institutions that purchase, use, influence or recommend its products and services.

In competitive markets, products can often be copied, prices can be matched and promotional messages can be repeated by competitors. The quality of the relationship becomes an important source of differentiation. Organisations therefore need to understand what customers expect, how they behave, what makes them satisfied or dissatisfied, and how their needs change over time. A systematic CRM programme helps an organisation use this understanding to provide consistent and relevant experiences.

CRM connects marketing, sales, customer service, distribution, finance, operations and information technology. Information gathered during a sales enquiry may help a service employee answer a later complaint. A service interaction may reveal an opportunity to improve a product. Purchase history may help the marketing team recommend a relevant product rather than sending the same offer to every customer.

CRM: CONCEPTS AND MEANING

CRM is the disciplined management of customer information and interactions throughout the customer life cycle. It creates a useful understanding of customers and applies that understanding to marketing, sales and service decisions.

MEANING OF CRM

- A customer is a person or organisation that buys, uses, evaluates or influences the purchase of a product or service. A relationship is an ongoing pattern of interaction, expectation, exchange and experience. Management involves planning, organising, coordinating, monitoring and

improving these interactions. CRM therefore means managing customer relationships in a planned manner rather than responding to each transaction in isolation.

- CRM treats the customer as a continuing relationship rather than as a single invoice or order number. The organisation records relevant information, interprets customer requirements, assigns responsibility for follow-up and provides a consistent experience through suitable channels. A customer should not have to explain the same issue repeatedly because departments have failed to share information.
- CRM is both an organisational philosophy and a practical management discipline. The philosophy recognises that long-term success depends on creating value for customers. The discipline translates this belief into segmentation, acquisition planning, sales management, service standards, data governance, retention programmes and performance measurement.

CORE CONCEPTS

- Customer centricity means designing decisions around customer needs and value expectations while also considering organisational sustainability. It does not mean accepting every request without limits; it means understanding the request and responding fairly and consistently.
- Customer life cycle refers to the stages through which a relationship develops. Common stages include awareness, enquiry, acquisition, onboarding, growth, retention, service recovery and relationship termination. Customers may move between stages as their circumstances change.
- Customer touchpoints are the points at which customers interact with an organisation. They include advertisements, websites, mobile applications, retail outlets, sales visits, invoices, delivery staff, call centres, social media and complaint channels. Each touchpoint can influence the overall perception.
- Customer experience is the customer's overall perception formed from direct and indirect interactions. It is cumulative: a helpful sales employee may create a positive first impression, while delayed delivery or an unresolved complaint may weaken the relationship.
- Customer insight is an interpretation of customer information that supports a decision. A list of purchases is data; identifying that a customer regularly buys a category before a seasonal event is an insight that may guide inventory or communication planning.

OBJECTIVES AND CHARACTERISTICS

- CRM aims to acquire suitable customers, retain existing customers, increase appropriate repeat purchases, improve customer satisfaction, coordinate departments and support better management decisions.
- CRM is customer-focused, integrated, information-based, continuous, measurable and collaborative. It connects multiple departments and channels, depends on relevant information and requires regular review as customer needs change.
- CRM is selective as well as inclusive. Organisations may provide different service arrangements to different segments according to needs, contractual commitments and value, but the differences should be transparent, lawful and consistent with service policy.

SCOPE AND FUNCTIONS

- The scope of CRM includes identifying prospects, collecting appropriate customer information, managing enquiries, supporting sales, coordinating delivery, handling service requests, measuring satisfaction and developing loyalty.
- Marketing uses CRM for segmentation, campaigns and response analysis. Sales uses it for lead assignment, opportunity tracking and account planning. Customer service uses it for case records, escalation and service history. Managers use it for forecasting, performance monitoring and resource allocation.
- CRM also supports collaboration with suppliers, distributors and partners when their performance affects customer experience. The organisation should share only the information needed for the partner's role and should establish clear responsibilities.

BENEFITS AND LIMITATIONS

- Benefits include improved customer understanding, consistent service, better follow-up, more relevant marketing, improved sales visibility, faster issue resolution and more informed decisions.
- CRM can reduce duplicated work by making relevant information available to authorised employees. It can also identify recurring complaints and opportunities for product or process improvement.

- Limitations include implementation cost, poor data quality, privacy risks, integration difficulty, employee resistance and unrealistic expectations. Technology cannot compensate for unclear strategy or poor service processes.
- The organisation should treat CRM as a long-term management programme. Its value depends on employee adoption, accurate information, suitable processes and continuous measurement.

ACQUIRING CUSTOMERS

Customer acquisition is the process of identifying potential customers, attracting their attention, converting interest into a first purchase and establishing the arrangements needed for a continuing relationship.

Importance of Acquisition:

- Acquisition introduces new customers and supports growth in revenue, market share and future relationship opportunities. Without acquisition, an organisation may depend on an existing customer base that can shrink because of competition, changing needs or customer exit.
- Acquisition is not simply the collection of names or enquiries. A lead becomes a customer only when the organisation converts the prospect into a transaction or agreed relationship. A large number of low-quality leads may consume sales resources without producing profitable customers.

Acquisition Process:

- Market identification studies the market and identifies customer groups whose needs match the organisation's capabilities.
- Lead generation reaches potential customers through advertising, referrals, events, content, search, social media, channel partners and sales prospecting.
- Lead qualification assesses need, authority, budget, timing, suitability and readiness. Qualification helps the sales team focus on prospects with a realistic possibility of conversion.
- Needs assessment explores the prospect's situation and identifies the problem to be solved. Effective assessment avoids presenting an unsuitable product merely to complete a sale.
- Proposal and conversion explain the product, price, terms, service commitments and benefits. The customer decides whether to proceed, and the transaction is recorded accurately.

- Onboarding provides confirmation, access details, instructions, delivery information, account support and an explanation of how to obtain help. Good onboarding reduces uncertainty and early dissatisfaction.

Acquisition Channels:

- Direct selling uses employees or representatives to contact prospects, understand requirements and present solutions. It is useful where products are complex or require explanation.
- Digital acquisition uses websites, search engines, email, mobile applications, social platforms and online advertising. Digital channels can reach large audiences and provide measurable response information.
- Referral acquisition uses recommendations from existing customers, business associates or professional networks. Referrals can carry trust, but each referred prospect still has individual needs.
- Partner and channel acquisition involves distributors, dealers, agents, marketplaces or other intermediaries. Clear agreements are required so customer information, product claims and service responsibilities are handled consistently.
- Events, demonstrations and exhibitions allow prospects to experience products and ask questions. Follow-up is essential because an event enquiry has limited value if it is not recorded and acted upon.

Acquisition Cost and Quality:

- Customer Acquisition Cost (CAC) is the cost incurred to acquire a new customer over a defined period. A basic calculation divides relevant acquisition expenditure by the number of new customers acquired in that period. The organisation should define which marketing, sales and onboarding costs are included.
- Acquisition quality can be evaluated by conversion rate, early repeat purchase, onboarding completion, initial service demand, retention and customer profitability. A campaign that generates many customers but also creates high cancellation and complaint rates may not be successful.
- Organisations compare acquisition cost with expected customer lifetime value, while recognising that lifetime value is an estimate based on assumptions about future purchases, margins, retention and service costs.

CUSTOMER LOYALTY AND OPTIMISING CUSTOMER RELATIONSHIPS

Customer loyalty is a customer's continuing preference for an organisation, brand or supplier, expressed through repeat behaviour, positive attitudes, trust and willingness to recommend. Optimising relationships means improving the quality and economic value of interactions over time.

Dimensions of Loyalty:

- Behavioural loyalty is reflected in repeated purchases, continued subscription or regular use. It can be measured through repeat purchase rate, renewal rate or share of customer spending.
- Attitudinal loyalty refers to favourable preference, emotional connection or confidence in the organisation. A customer may repeatedly buy because of convenience without strong emotional loyalty; behavioural evidence alone therefore does not reveal the full relationship.
- Advocacy occurs when customers voluntarily recommend the organisation, share positive experiences or defend the relationship. Advocacy is valuable, but stated willingness to recommend does not always become actual referral behaviour.
- Trust is the belief that the organisation is competent, honest, dependable and concerned about fair treatment. Trust grows through consistent performance, transparent communication and responsible handling of information.

Factors Influencing Loyalty:

- Product or service quality is a basic foundation. A relationship cannot remain strong if the product repeatedly fails to perform as promised.
- Service quality influences loyalty through reliability, responsiveness, assurance, empathy and the physical or digital evidence of service. Customers value clear information and dependable resolution.
- Price and perceived fairness matter. Customers may accept a higher price when they see superior value, but hidden charges or unexplained price differences can damage trust.
- Convenience includes easy access, simple transactions, suitable channels, clear instructions and low effort in obtaining support.
- Personalisation can strengthen relationships when relevant and respectful. Excessive messages, intrusive targeting or unexpected use of personal information can produce the opposite effect.
- Complaint handling is a critical moment. A fair response, timely update and effective correction may restore confidence; ignoring or repeatedly transferring a complaint can accelerate customer exit.

Relationship Optimisation:

- Relationship optimisation begins with understanding customer needs, preferences, value and service expectations. The organisation should identify which interactions create value and which create unnecessary effort.
- Segmentation groups customers with similar requirements or behaviours. Segments may be based on needs, industry, purchase frequency, product usage, service intensity or profitability. Segmentation should be useful for decisions and should not rely on inappropriate criteria.
- Journey mapping shows the stages and touchpoints through which customers pass. It helps identify delays, confusing steps, repeated data requests and moments where customers need assistance.
- Personalised communication uses relevant information to provide suitable messages, offers or support. Personalisation should be proportionate, accurate and consistent with customer permissions and applicable privacy requirements.
- Continuous improvement uses feedback, service data and employee observations to improve processes. Organisations should test changes, measure results and correct unintended effects.

Retention and Churn

- Retention is the ability to continue a customer relationship over a specified period. Churn is the loss of customers or the ending of subscriptions or relationships during a period. The organisation should define the unit of measurement, such as customer accounts, contracts or subscribers.
- Churn analysis identifies when and why customers leave. Reasons may include price, poor product performance, service failure, competitor offers, changing needs or payment failure.
- Retention programmes may include onboarding support, proactive service, renewal reminders, loyalty benefits, customer education, product improvement and targeted recovery efforts. Retention actions should address the reason for risk rather than merely offering a discount.
- Customer lifetime value estimates the present or expected economic contribution of a customer over the relationship. It supports decisions about acquisition spending and service investment, but it is not a guaranteed future amount.

CRM DEFINED (CUSTOMER RELATIONSHIP MANAGEMENT)

Meaning

- Customer Relationship Management (CRM) is a business approach that focuses on developing and maintaining long-term relationships with customers. It helps an organisation understand customer needs, provide better services, improve customer satisfaction and retain customers.
- CRM is not simply a software application. It is a combination of business strategies, people, processes, technology and customer information. It helps organisations manage every stage of the customer relationship, from identifying potential customers to acquiring, serving and retaining them.

Definition

- Customer Relationship Management (CRM) can be defined as an integrated business strategy and process through which an organisation identifies, acquires, develops, maintains and retains customers by managing customer information and interactions effectively to create value for both customers and the organisation.

Objectives of CRM

- Customer Acquisition: To identify potential customers and convert them into actual customers.
- Customer Retention: To maintain long-term relationships and reduce customer loss.
- Customer Satisfaction: To understand customer expectations and provide products and services that meet their needs.
- Customer Loyalty: To develop trust and encourage customers to continue purchasing from the organisation.
- Improved Customer Service: To provide timely, reliable and effective customer support.
- Increased Profitability: To improve sales, repeat purchases and customer lifetime value.
- Better Customer Understanding: To collect and analyse customer information to understand preferences and buying behaviour.

Features of CRM

- Customer-Centred Approach: CRM places customers at the centre of organisational activities and decisions.
- Customer Information Management: It maintains customer details, purchase history, preferences, complaints and interaction records.

- Relationship Development: It focuses on developing long-term relationships rather than concentrating only on individual transactions.
- Integration of Departments: It connects marketing, sales and customer service departments through shared information.
- Personalised Communication: It helps organisations communicate with customers according to their needs and preferences.
- Technology Support: It uses CRM software, databases and analytical tools to manage customer interactions.
- Continuous Improvement: It uses customer feedback and performance information to improve products and services.

Importance of CRM

- Improves Customer Satisfaction: CRM helps organisations understand customer requirements and provide appropriate solutions.
- Increases Customer Loyalty: Consistent service and personalised communication encourage customers to maintain relationships.
- Increases Sales: CRM helps identify opportunities for repeat purchases, cross-selling and up-selling.
- Reduces Customer Acquisition Costs: Retaining existing customers can reduce the need for continuous investment in acquiring new customers.
- Improves Decision-Making: Customer information helps management make informed marketing and sales decisions.
- Improves Communication: CRM provides a coordinated approach to customer communication across different departments.
- Creates Competitive Advantage: Organisations that understand and serve customers effectively can differentiate themselves from competitors.

Main Components of CRM

1. People

Employees are an important component of CRM. Marketing executives, salespeople, customer service representatives and managers interact with customers. Their knowledge, communication skills and attitude influence customer relationships.

2. Processes

Processes refer to the activities followed by an organisation to acquire, serve and retain customers. These include lead management, sales procedures, complaint handling, customer support and follow-up activities.

3. Technology

Technology provides tools to store customer information, automate sales activities, manage service requests and analyse customer behaviour. CRM software helps employees access relevant information.

4. Customer Data

Customer data includes names, contact details, purchase history, preferences, feedback and service interactions. Accurate customer data supports better decision-making and personalised service.

Types of CRM

1. Operational CRM

Operational CRM supports the daily activities of marketing, sales and customer service. It helps automate routine customer-related processes.

Examples:

- Contact management.
- Lead management.
- Sales-force automation.
- Customer service management.
- Marketing automation.

2. Analytical CRM

Analytical CRM focuses on collecting and analysing customer information to understand customer behaviour and improve business decisions.

Examples:

- Customer profitability analysis.
- Customer segmentation.
- Buying behaviour analysis.
- Customer retention prediction.
- Sales forecasting.

3. Collaborative CRM

Collaborative CRM helps different departments and business partners share relevant customer information and coordinate customer interactions.

Examples:

- Sharing customer information between sales and service departments.
- Coordinating customer support across channels.
- Sharing relevant information with authorised business partners.

Advantages of CRM

- Better understanding of customer needs.
- Improved customer satisfaction and loyalty.
- Effective management of customer information.
- Increased sales and business opportunities.
- Better coordination between departments.
- Faster response to customer enquiries and complaints.
- Improved customer retention.
- Better planning and decision-making.

Limitations of CRM

- High Implementation Cost: CRM software, infrastructure and training may require significant investment.
- Employee Resistance: Employees may hesitate to adopt new systems and procedures.
- Data Quality Problems: Inaccurate or incomplete customer information can lead to poor decisions.
- Privacy and Security Risks: Customer information must be protected from unauthorised access and misuse.
- Training Requirements: Employees need proper training to use CRM systems effectively.
- Implementation Complexity: Integrating CRM with existing business systems can be difficult.

Example

- A bank uses CRM software to maintain customer account-related enquiries, transaction history, service requests and communication preferences. When a customer contacts the bank, the customer service representative can access relevant information and provide a suitable response.
- The bank can also use customer information to understand customer requirements, provide relevant financial services and improve customer satisfaction.

Conclusion

- Customer Relationship Management is an important business strategy for developing long-term customer relationships. It integrates people, processes, technology and customer information to improve customer satisfaction, loyalty and organisational profitability. Successful CRM requires a customer-oriented culture, effective processes, accurate information and continuous improvement.

CRM SUCCESS FACTORS

CRM success depends on the alignment of organisational strategy, leadership, employees, processes, customer information, technology and performance measurement.

Strategic and Leadership Factors

- A clear customer strategy defines target customers, relationship priorities, service promise and intended outcomes. Without this direction, departments may use CRM for unrelated purposes.
- Senior management sponsorship provides authority, resources and visible support. Leaders must communicate why change is required and demonstrate the expected use of customer information and processes.
- Business objectives should be measurable. Examples include improving lead conversion, reducing response time, increasing renewal, improving complaint resolution or reducing avoidable customer effort.

People and Process Factors

- Employees need training in customer communication, data entry, privacy, workflow and the purpose of CRM. Training should be role-specific and supported by practical guidance.
- User adoption is essential. If employees see CRM as extra administration with no benefit, they may avoid updating records or maintain separate spreadsheets. The system should fit actual work and reduce unnecessary effort.
- Processes should be documented and consistent. Lead assignment, customer onboarding, complaint escalation, approval and follow-up responsibilities must be clear.
- Cross-functional cooperation ensures that marketing, sales, operations and service teams share relevant information and do not create contradictory promises.

Data, Technology and Measurement

- Data quality requires accurate, complete, current, consistent and appropriately classified records. Duplicate profiles and outdated contact details weaken analysis and service.
- Technology should be selected according to business needs, scale, integration requirements, security, usability, support and total cost of ownership. The most complex system is not automatically the best system.
- Integration connects CRM with billing, inventory, e-commerce, enterprise resource planning, communication and service applications where justified.
- Performance measurement should combine customer, process, employee and financial indicators. A single measure such as number of calls or records entered cannot represent CRM success.
- Continuous review identifies whether the CRM programme is delivering benefits and whether customer expectations, processes or technology need adjustment.

THREE LEVELS OF SERVICE / SALES PROFILING

Service and sales profiling organises customers or accounts according to the level and nature of attention required. Organisations may define the levels differently; a common approach distinguishes strategic or high-value accounts, growth or development accounts, and standard or transactional accounts.

Level One: Strategic or High-Value Accounts

- These accounts are important because of revenue, profitability, long-term potential, strategic influence or complexity. They may receive a named account manager, planned relationship reviews, customised service arrangements and coordinated support.
- The objective is to protect and develop the relationship through a deep understanding of the customer's business, decision-makers, operating requirements and future plans. The organisation should avoid relying on one contact because staff changes may weaken continuity.
- Service commitments for this level should be commercially justified, clearly documented and deliverable. Over-promising special treatment can create cost and fairness problems.

Level Two: Growth or Development Accounts

- These customers have current value or identifiable potential but may not require the same intensity of individual management as strategic accounts. The organisation may use periodic account reviews, targeted campaigns, inside sales support and selected service interventions.
- The focus is to understand growth opportunities, encourage appropriate product adoption and improve retention. Data analysis can identify customers whose needs are expanding or whose engagement is declining.
- Development plans should specify realistic objectives, responsible employees, communication frequency and measures of progress.

Level Three: Standard or Transactional Accounts

- These customers are often served through standardised processes, digital self-service, contact centres, distributors or pooled account support. The service model aims to be reliable, accessible and cost-effective.
- Standardisation does not mean poor service. Customers at this level still require accurate information, fair treatment, clear terms and a route to human assistance for complex or urgent issues.
- Profiling should be reviewed periodically because customer value and needs can change. A standard account may become strategically important, while a previously high-value account may reduce activity.

Uses and Limitations

- Profiling helps allocate sales time, service resources, account management and communication budgets. It supports differentiated service design and helps managers understand the workload associated with each segment.
- Profiling can become harmful if it uses inaccurate data, rigid categories or unfair assumptions. Employees should be able to correct records, customers should receive the service promised to them, and categories should be reviewed.
- Service profiling should not be confused with stereotyping. It is a management tool based on relevant relationship requirements and observed business needs.

SERVICE LEVEL AGREEMENTS (SLAS)

- A Service Level Agreement is a documented agreement that specifies the service to be provided, expected performance standards, responsibilities, methods of measurement and action to be taken when standards are not met.

Meaning and Purpose:

- An SLA converts a general service promise into measurable expectations. Instead of saying that support will be prompt, an SLA may specify service hours, response target, priority categories and escalation process.
- SLAs create clarity between provider and customer. They help prevent misunderstandings about what is included, how quickly a response will be provided, what information the customer must supply and what circumstances may affect delivery.
- An SLA also supports internal management. Employees understand responsibilities, managers monitor performance and customers assess whether service is delivered as agreed.

Main Components:

- Service description and scope identify the services, locations, systems, customer groups and exclusions covered.
- Service hours and availability specify the days and times when service is available, including planned maintenance arrangements where relevant.
- Performance indicators include measurable standards such as availability, response time, resolution time, fulfilment accuracy or service completion rate.
- Priority and severity definitions classify incidents according to urgency, impact and business consequence.
- Roles and responsibilities identify the duties of the provider, customer, support teams and third-party suppliers.
- Reporting and review specify the frequency, format and ownership of performance reports and service review meetings.
- Escalation and remedies define the route for unresolved issues, corrective action, service credits or other agreed remedies where applicable.
- Change control and termination define how service scope may be changed, revised, renewed or ended.

Types of SLA:

- A customer-based SLA is designed for a particular customer or customer group and may cover several services supplied to that customer.
- A service-based SLA applies a common service standard to all customers using a particular service, such as a help desk or hosting service.
- An internal SLA records the service commitment between departments within the same organisation, for example, the time within which a finance team processes an approved refund request.
- Multi-level SLAs combine organisation-wide standards, customer-specific requirements and service-specific targets. They can be useful in complex organisations but must avoid conflicting commitments.

CREATING AND MANAGING EFFECTIVE SLAS

- The first step is to understand customer expectations and business requirements. The organisation should distinguish essential outcomes from preferences that may not be operationally feasible.
- The service scope and responsibilities should be defined. Ambiguous terms such as immediate, reasonable or high priority should be replaced with operational definitions wherever possible.
- Performance targets must be realistic and based on available capacity, historical performance, technology and supplier commitments. A target that cannot be achieved consistently will reduce confidence.
- Measures should be clear, auditable and connected to customer experience. Response time and resolution time are different measures; acknowledging a complaint does not mean it has been resolved.
- The draft SLA should be reviewed by operational, technical, legal, commercial and customer-facing teams as appropriate. The parties should understand the measurement method and exceptions before approval.
- After approval, the SLA should be communicated, monitored through reliable records and reviewed when services or customer requirements change. Repeated failures require root-cause analysis and corrective action.

UNIT – II:

CRM IN MARKETING

CRM IN MARKETING

Marketing CRM applies customer information and relationship processes to market selection, customer communication, campaign planning, sales development and retention. It helps an organisation move from undifferentiated mass communication towards relevant and coordinated engagement.

Role of CRM in Marketing

- CRM provides a shared record of customer enquiries, purchases, preferences, responses and service history. Marketing teams can use this information to understand segments and plan campaigns that are more relevant.
- Marketing CRM supports campaign planning, audience selection, lead management, response tracking and evaluation. It connects campaign activity with the subsequent sales and service experience.
- A customer who has recently complained may need service recovery rather than a routine promotional message. Shared information can prevent insensitive or contradictory communication.

Marketing Information and Segmentation

- Segmentation divides a market into groups with relevant similarities. Consumer markets may be segmented using geographic, demographic, psychographic and behavioural variables, while business markets may be segmented by industry, organisation size, application, location and purchasing process.
- CRM data can enrich segmentation with actual purchase frequency, product category, channel preference, service usage and response patterns. Data should be accurate and collected for an appropriate purpose.
- After segmentation, the organisation selects target segments and positions its offering. The chosen segments should match organisational capabilities and have a reasonable prospect of sustainable value.

Campaign Management

- A campaign begins with a defined objective such as generating qualified enquiries, encouraging product trial, increasing renewal or informing customers about a service change.

- The target audience is selected using relevant criteria. The message, offer, channel, timing and response mechanism are designed. Campaign records should identify who was contacted and what action followed.
- Campaign evaluation compares results with objectives. Measures may include reach, response rate, conversion rate, cost per lead, revenue contribution, unsubscribe rate and complaints. A high response rate does not necessarily indicate profitability or customer value.

Ethics in Marketing CRM

- Marketing communication should be truthful, relevant and respectful. Organisations should honour consent and communication preferences, provide clear opt-out mechanisms where required and avoid misleading claims.
- Customer data should not be used merely because it is available. The organisation should consider purpose, necessity, security, access controls and applicable data protection obligations.
- Responsible CRM marketing balances commercial goals with customer autonomy and trust.

ONE-TO-ONE RELATIONSHIP MARKETING

One-to-one relationship marketing seeks to understand and serve individual customers through relevant interactions rather than treating every customer in a broad segment identically.

Concept and Characteristics

- The approach recognises that customers differ in needs, preferences, purchase history, service requirements and preferred channels. It uses these differences to adapt communication, recommendations or service.
- One-to-one marketing is interactive. The organisation learns from customer responses and adjusts future actions. It is continuous because each interaction can add knowledge about the relationship.
- Personalisation is meaningful only when relevant. Using a customer's name in a message is not necessarily one-to-one marketing if the offer itself is irrelevant.

Process

- Identify customers by creating reliable individual records and resolving duplicate profiles where possible.
- Differentiate customers according to needs, value, behaviour and service requirements. Differentiation should guide service and communication decisions without unfair treatment.

- Interact with customers through suitable channels and collect feedback transparently. Employees should record relevant outcomes so that the organisation can learn from the interaction.
- Customise products, offers, content or service within organisational capabilities and customer permissions. Avoid promises that operations cannot fulfil.
- Evaluate the response and update the relationship plan. The process repeats as customer needs and circumstances change.

Benefits and Challenges

- Benefits include greater relevance, improved customer experience, stronger retention, better use of marketing expenditure and opportunities to identify unmet needs.
- Challenges include data fragmentation, high implementation cost, inaccurate profiles, privacy concerns, excessive communication and difficulty scaling highly customised service.
- Organisations can address these challenges through clear objectives, data governance, suitable technology, employee training, customer choice and careful measurement.

CROSS-SELLING AND UP-SELLING

Cross-selling and up-selling are sales development practices supported by CRM. Cross-selling offers a related product or service that complements the customer's existing purchase. Up-selling offers a higher-value, enhanced or more suitable version of the product or service being considered.

Cross-Selling

- Cross-selling seeks to meet an additional customer need through a complementary offering. A customer purchasing a laptop may also need a protective case, warranty service or compatible software.
- Effective cross-selling is based on relevance, timing and customer benefit. A recommendation should explain why the additional product is useful and whether it is compatible with the original purchase.
- CRM helps identify cross-selling opportunities through purchase history, product relationships, customer lifecycle stage and service enquiries.

Up-Selling

- Up-selling presents an alternative with greater features, capacity, service or performance. A customer considering a basic subscription may be shown a premium plan if its additional benefits match the customer's usage.
- Up-selling should not rely on pressure or concealment. The customer should understand the price difference, features, limitations and conditions of the proposed option.
- CRM can support up-selling by identifying customers whose usage, requirements or business growth indicate a genuine need for a higher-level offering.

Planning and Measurement

- The organisation should map complementary products and define suitable customer situations for each recommendation. Employees need product knowledge and guidance on exclusions and compatibility.
- Recommendations can be triggered by customer actions, purchase events, renewal dates, service interactions or changes in usage. The trigger should be relevant and respect communication preferences.
- Measures include cross-sell rate, up-sell rate, additional revenue, contribution margin, repeat purchase, return rate and customer satisfaction. Sales growth should be evaluated alongside complaints and cancellations.
- Unnecessary selling can reduce trust. The long-term objective is to improve customer value, not to maximise the number of items placed on an invoice.

CUSTOMER RETENTION AND BEHAVIOUR PREDICTION

Customer retention focuses on maintaining existing relationships, while behaviour prediction uses available information to estimate likely future actions such as purchase, renewal, response or churn. Prediction supports decisions but does not guarantee what a customer will do.

Retention Strategies

- A dependable core product or service is the foundation of retention. Loyalty schemes cannot compensate indefinitely for poor quality or repeated service failures.
- Onboarding helps customers understand how to use the product, access support and obtain value. Early guidance can reduce confusion and prevent avoidable cancellations.

- Proactive service identifies possible problems before they become serious. Examples include notifying customers about delivery delays, reminding them of maintenance requirements or identifying repeated service errors.
- Customer education helps customers use features correctly and discover benefits that may otherwise remain unused.
- Renewal and loyalty programmes can recognise continued engagement through benefits, convenience or relevant rewards. The programme should be financially sustainable and easy to understand.
- Service recovery involves acknowledging a failure, correcting it, communicating clearly and learning from the cause.

Understanding Behaviour

- Customer behaviour includes searching, comparing, enquiring, purchasing, using, reviewing, complaining, renewing and discontinuing. Behaviour is influenced by personal needs, price, product performance, social influence, convenience and external circumstances.
- Behavioural data may include transaction history, browsing activity, service usage, response to communication and channel choice. Such data must be interpreted in context because a single action can have several explanations.
- Qualitative information from interviews, surveys and employee conversations can help explain why a pattern occurs. Quantitative data shows what is happening; qualitative insight may help explain why.

Predictive CRM

- Predictive CRM uses statistical methods, data mining or machine-learning techniques to estimate the likelihood of an outcome. Examples include likelihood to purchase, probability of churn, response to an offer or expected service demand.
- A prediction model is developed using historical examples. Variables are selected, data is prepared, the model is trained and its performance is tested on data not used for training. The model should be evaluated for accuracy and practical usefulness.
- Predictions should support human decisions rather than automatically determine every customer action. Incorrect predictions can cause inappropriate offers, unnecessary contact or unfair exclusion.

- Models require monitoring because customer behaviour, market conditions and products change. A model that performed well in the past may become unreliable when conditions shift.

Churn Prediction and Intervention

- Churn indicators may include reduced usage, declining purchase frequency, unresolved complaints, repeated service failures, non-renewal signals or competitor enquiries. No single indicator proves that a customer intends to leave.
- An organisation can group customers according to estimated churn risk and potential value, then design proportionate interventions. High-risk customers may receive a service review or assistance rather than an automatic discount.
- The results of retention interventions should be measured against an appropriate comparison where feasible. This helps distinguish the effect of the intervention from customers who would have stayed anyway.

CUSTOMER PROFITABILITY AND VALUE MODELLING

Customer profitability analysis estimates the revenue and costs associated with serving a customer or customer segment. Value modelling extends the analysis by considering the expected contribution of the relationship over time.

Customer Revenue and Cost

- Customer revenue includes sales, fees, subscriptions and other income attributable to the relationship. Revenue should be considered net of discounts, returns, refunds and other relevant adjustments.
- Costs may include product or service delivery, sales effort, marketing, onboarding, support, returns, credit risk and account management. Some costs are directly attributable while others must be allocated using a reasonable method.
- Two customers with the same revenue may have different profitability because they require different levels of service, discounts or delivery effort.

Profitability Analysis

- A basic customer contribution estimate is revenue less the relevant variable and attributable costs. A more complete analysis may include allocated overheads and relationship-development costs.

- Profitability should be assessed over a suitable period. A new customer may initially appear unprofitable because acquisition and onboarding costs occur before later purchases.
- Managers should avoid interpreting short-term profitability without considering strategic potential, contractual commitments, customer referrals or the possibility of improving service efficiency.

Customer Lifetime Value

- Customer Lifetime Value (CLV) estimates the economic value expected from a customer over the period of the relationship. A simplified model considers expected contribution per period, retention probability, discount rate and relationship duration.
- CLV is useful for comparing acquisition strategies, prioritising relationship investments and understanding the economic importance of retention. It is an estimate, not a promise of future cash flow.
- Model assumptions should be documented. Changes in retention, margin, purchase frequency, discount rate or service cost can materially change the estimate.
- CLV should not be the only basis for service decisions. Legal obligations, safety, fairness, contractual commitments and basic service standards apply regardless of estimated profitability.

Value Segmentation

- Value segmentation groups customers by current or expected contribution and may also consider growth potential, strategic importance and service requirements.
- Managers can use the analysis to review pricing, channel design, account coverage, service investment and retention priorities. The aim is to align resources with relationship needs and sustainable returns.
- Data quality and cost allocation are critical. If support costs are incorrectly assigned, a segment may appear more or less profitable than it really is.

CHANNEL OPTIMISATION

Channel optimisation is the process of selecting and coordinating the ways through which customers learn about, buy, receive and obtain support for products and services.

Meaning and Objectives

- Customers may prefer different channels for different tasks. A customer may research online, visit a store to inspect a product and contact a call centre for post-purchase support. Channel optimisation seeks to make these transitions simple and consistent.
- Objectives include improving customer convenience, increasing conversion, reducing service cost, improving channel productivity and ensuring consistent information across touchpoints.
- Optimisation should not mean forcing every customer into the cheapest channel. Complex or sensitive issues may require human support even when self-service is available.

Channel Selection and Design

- Channel selection considers customer preference, transaction complexity, accessibility, cost, security, service requirements and organisational capability.
- Digital channels are suitable for routine activities such as checking order status, updating preferences or accessing product information. Physical or human-assisted channels may be more suitable for demonstrations, complex advice or sensitive complaints.
- Channel design should define the role of each channel and the process for transferring a customer from one channel to another without losing relevant information.

Omnichannel Integration

- Multichannel service provides several channels. Omnichannel service coordinates them so that the customer experiences continuity. The distinction is not simply the number of channels but the integration of information, processes and service responsibilities.
- An integrated customer record can allow an employee to see an earlier enquiry and continue the conversation. Access should be limited to authorised employees and relevant information.
- Consistent product descriptions, pricing, service terms and complaint processes reduce confusion. Where a channel has a genuine limitation, it should be communicated clearly.

Channel Performance

- Measures may include channel usage, conversion rate, cost per contact, abandonment rate, first-contact resolution, customer effort, satisfaction and revenue contribution.
- Channel performance should be evaluated by task and customer segment. A call centre may be more expensive per contact but may resolve complex issues more effectively than a self-service page.

- Organisations should use feedback and operational data to identify channel barriers, improve accessibility and remove unnecessary steps.

EVENT-BASED MARKETING

Event-based marketing uses a customer event, action or change in circumstances as a trigger for relevant communication or service.

Meaning and Types of Events

- Calendar events include birthdays, anniversaries, festivals, renewal dates and seasonal periods. Transaction events include a first purchase, repeat purchase, abandoned basket, delivery completion or payment confirmation.
- Service events include complaint registration, service failure, warranty expiry, product maintenance requirement or completion of a support request. Behavioural events may include a change in usage or a customer's interaction with a digital channel.
- Events should be selected because they create a genuine reason to communicate. Not every recorded action requires a marketing message.

Event-Based Campaign Process

- The organisation defines the event and business objective. It identifies the data source, trigger condition, eligible audience, message, channel, timing and response path.
- Rules should prevent duplicate or contradictory messages. A customer who has just completed a renewal should not continue receiving reminders to renew the same contract.
- Campaigns should be tested before deployment. Test cases should include normal events, missing data, duplicate events, time-zone differences and customers who have opted out of marketing communication.
- After launch, the organisation monitors delivery, response, conversion, complaints and unintended outcomes.

Benefits and Risks

- Event-based marketing can improve relevance, timeliness and customer convenience. It can automate routine reminders and help customers take action at the appropriate stage.
- Risks include incorrect triggers, excessive contact, inaccurate dates, insensitive messages and misuse of personal information. Human review may be necessary for sensitive events.

- An effective programme uses clear rules, accurate data, customer preferences, frequency limits and regular review.

CRM and Customer Service

Customer service is the support and assistance provided before, during and after a purchase. CRM helps service teams understand customer history, coordinate work, record issues and improve the consistency of responses.

Role of CRM in Service

- A customer service record may include contact details, products owned, orders, warranties, previous interactions, open cases and agreed follow-up actions. This information helps the employee understand the issue without asking the customer to repeat every detail.
- CRM supports case management by recording the issue, assigning an owner, setting priority, tracking progress and documenting resolution. Managers can identify overdue cases and recurring problems.
- Service information can help other departments. Repeated complaints about a product feature may indicate a need for product redesign, clearer instructions or supplier review.

Service Quality Dimensions

- Reliability is the ability to perform the promised service dependably and accurately. Responsiveness refers to willingness and ability to help customers promptly.
- Assurance relates to employee knowledge, courtesy and the confidence created by competent service. Empathy means understanding the customer's circumstances and responding appropriately.
- Tangibles include physical facilities, equipment, documents and visible appearance of service environments. In digital service, interface clarity and accessibility also shape perception.

Complaint and Case Management

- A complaint should be acknowledged, classified and recorded accurately. The organisation should distinguish the customer's stated issue from the underlying cause.
- The case should be assigned to a person or team with authority and capability to resolve it. Priority should reflect urgency, impact, safety, contractual terms and applicable policy.
- Customers should receive clear updates, including when investigation takes longer than expected. A case should be closed only after the outcome and required follow-up are recorded.

- Complaint analysis should identify recurring causes and systemic weaknesses rather than treating each complaint as isolated.

Self-Service and Service Recovery

- Self-service tools allow customers to complete routine tasks without contacting an employee. Examples include FAQs, knowledge bases, account portals, order tracking and automated status updates.
- Self-service should be easy to find, accessible and accurate. Customers should have a clear route to human assistance when the issue is unusual, urgent or unresolved.
- Service recovery involves restoring the customer relationship after a failure. It may include an apology, explanation, correction, replacement, refund or other remedy consistent with policy and law.
- The organisation should learn from service recovery cases and modify the process that caused the failure.

THE CALL CENTRE AND CALL SCRIPTING

A call centre is a centralised operation that handles customer communication by telephone. Modern contact centres may also handle email, chat, messaging and social channels. Call scripting provides suggested wording and conversation structures for consistent communication.

Functions and Structure

- Inbound calls are received from customers seeking information, support, order assistance or complaint resolution. Outbound calls are initiated by the organisation for follow-up, service reminders, surveys, collections or permitted sales activity.
- A typical structure includes agents, team leaders, supervisors, quality analysts, trainers, workforce planners and operations managers. The exact structure depends on scale and service complexity.
- Workforce management forecasts contact volume, estimates staffing requirements, prepares schedules and monitors adherence. Poor forecasting may cause long waiting times or unnecessary staffing cost.
- Call routing directs contacts to suitable agents or queues. Routing may use language, product expertise, customer category or issue type.

Call Centre Performance

- Average handling time measures the average time spent handling a contact, including relevant talk and after-call work. It should not be used alone because rushing a complex call can reduce service quality.
- Service level measures the proportion of contacts answered within a defined time. The organisation must state the threshold and calculation method.
- First-contact resolution measures the extent to which an issue is resolved during the first interaction without avoidable repeat contact.
- Abandonment rate indicates the proportion of callers who disconnect before reaching an agent. High abandonment may signal long waits, poor routing or unclear menu design.
- Quality scores, customer satisfaction, complaint recurrence, employee wellbeing and compliance should be considered alongside productivity measures.

Call Centre Technology and Quality

- Technology may include automatic call distribution, interactive voice response, computer telephony integration, call recording, workforce management, CRM integration and quality monitoring.
- Quality assurance evaluates whether calls follow service standards, provide accurate information, protect customer data and resolve the issue. Sampling should be fair and feedback should support employee improvement.
- Call recording and monitoring must follow applicable law, privacy requirements and organisational policy. Customers should receive required notices and access should be controlled.

Purpose and Components of Scripts

- A greeting identifies the organisation and introduces the employee. Identity verification may be required before account-specific information is discussed.
- An opening question invites the customer to explain the reason for contact. Active listening helps the agent understand the issue before proposing a solution.
- Clarification questions establish relevant facts. The agent should avoid unnecessary or repetitive questions and explain why sensitive information is required.

- The solution section provides accurate information, options or next steps. Where the agent cannot resolve the issue, the script should explain the transfer or escalation process.
- A closing statement summarises the action taken, confirms follow-up and gives the customer an opportunity to raise a remaining concern.

Inbound and Outbound Scripts

- Inbound scripts support customer-initiated contacts such as enquiries, complaints and technical support. They should allow flexibility because customer situations vary.
- Outbound scripts support organisation-initiated contacts such as permitted service updates, appointment confirmations and sales calls. They should identify the purpose clearly and respect the customer's right to decline marketing contact.
- Scripts should be tailored to the type of contact and the customer's level of knowledge. A complex technical issue may require a diagnostic sequence rather than a short promotional script.

Design, Limitations and Ethics

- Scripts should use simple language, short sentences and a logical sequence. Employees should listen, acknowledge emotion, ask relevant questions and adapt wording while preserving required information.
- Rigid scripts may make employees sound unnatural and prevent them from responding to unusual needs. Excessive emphasis on speed can reduce listening and problem-solving.
- Scripts should never encourage false claims, conceal important terms or pressure customers into decisions. Mandatory disclosures and identity checks should be clear and accurate.

CUSTOMER SATISFACTION MEASUREMENT

Customer satisfaction measurement evaluates the extent to which a product, service or experience meets or exceeds customer expectations. It helps organisations identify strengths, weaknesses and opportunities for improvement.

Meaning and Importance

- Satisfaction is a customer's evaluation of an experience in relation to expectations and perceived performance. Expectations may be shaped by advertising, previous experience, word of mouth, price and promises made by employees.

- Measurement helps identify whether customers are satisfied with product quality, delivery, service access, employee behaviour, complaint resolution and overall value.
- Satisfaction is not identical to loyalty or profitability. A satisfied customer may still switch because of price or convenience, while a customer may remain despite moderate satisfaction because alternatives are limited.

Methods of Measurement

- Customer satisfaction surveys ask customers to rate defined aspects of an experience. Questions should be clear, neutral and limited to information that will be used.
- Interviews and focus groups provide detailed explanations of customer perceptions. They are useful for exploring reasons behind survey results but may not represent the entire customer population.
- Complaint analysis reveals areas where customers experience difficulty. Complaint counts should be interpreted alongside the ease of complaining and the organisation's reporting process.
- Transactional feedback is collected immediately after a purchase, delivery or service interaction. It can identify specific experience problems but may over-represent customers with strong feelings.
- Digital feedback, reviews and social listening can reveal themes and emerging issues. Organisations should distinguish verified experiences from irrelevant, fraudulent or unrepresentative content.

Common Indicators

- Customer Satisfaction Score (CSAT) is commonly based on a question asking customers to rate satisfaction with a product or interaction. The scale and calculation should be stated.
- Net Promoter Score (NPS) is based on the likelihood that a customer would recommend the organisation, commonly using a 0–10 response scale. It is a measure of stated recommendation likelihood, not a complete measure of loyalty.
- Customer Effort Score (CES) measures how easy or difficult customers found it to complete a task or resolve an issue.
- Operational indicators such as first-contact resolution, repeat contacts, delivery accuracy and complaint resolution time provide context for customer-reported scores.

Survey Design and Interpretation

- The survey objective should be defined before selecting questions. A survey designed to measure post-call satisfaction should not be treated as a complete measure of the entire customer relationship.
- Questions should avoid leading language, double questions and confusing scales. The organisation should identify the target population, sampling method, timing and response channel.
- Results should be segmented carefully and interpreted with sample size, response bias and non-response in mind. A high score from a small or self-selected group may not represent all customers.
- Managers should connect findings to action. They should identify the issue, assign responsibility, make improvements and communicate relevant changes to customers and employees.

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UNIT – III

SALES FORCE

SALES FORCE

The sales force consists of employees or representatives responsible for identifying prospects, understanding requirements, presenting offerings, negotiating terms and developing customer accounts. CRM coordinates sales activity and creates visibility across the sales process.

SALES PROCESS

- Prospecting identifies potential customers through research, referrals, campaigns, events and outbound contact. It should focus on suitable organisations or individuals rather than simply increasing the number of names.
- Pre-approach preparation involves learning about the prospect, its industry, likely needs, decision process and relevant prior interactions. Preparation helps the salesperson ask informed questions.
- Approach and needs discovery establish contact and explore the customer's situation. Open questions and active listening help distinguish stated requirements from underlying problems.
- Presentation and demonstration explain how the offering addresses the identified need. Claims should be accurate and benefits should be connected to the customer's priorities.
- Handling objections involves understanding the concern, clarifying facts and responding with evidence or alternatives. An objection may reveal missing information rather than refusal.
- Negotiation and closing establish acceptable price, scope, delivery, payment and other terms. The salesperson should not promise conditions that the organisation cannot honour.
- Follow-up and relationship development confirm delivery, support adoption, resolve concerns and identify future requirements. The sale is the beginning of the relationship rather than the end.

SALES ACTIVITIES AND PIPELINE

- Sales activities include calls, meetings, demonstrations, proposals, follow-ups, account reviews and negotiations. CRM records these activities so managers can understand progress and identify neglected opportunities.
- A sales pipeline represents opportunities at different stages, from initial qualification to proposal, negotiation and closure. Each stage should have clear entry and exit criteria.

- Pipeline reviews examine opportunity value, expected closing date, decision-makers, risks, next action and probability. Forecasts become unreliable when employees advance opportunities without evidence.
- Sales territory and account planning allocate responsibility and identify target opportunities. Planning should consider workload, travel, customer potential and channel arrangements.

SALES FORCE AUTOMATION

- Sales Force Automation (SFA) uses software to support routine sales tasks such as contact management, lead assignment, calendar scheduling, quotation preparation, order processing, activity tracking and reporting.
- Automation can reduce manual administration and improve follow-up discipline. It can also make sales information available to managers and colleagues who need it.
- Automation is effective only when workflows reflect actual business processes and employees maintain accurate records. Poorly designed automation can create duplicate tasks, irrelevant reminders and incorrect forecasts.
- Sales automation should support professional judgement. A salesperson still needs to understand customer needs, build trust and make appropriate decisions.

SALES PERFORMANCE

- Sales performance may be measured through revenue, gross margin, new customers, conversion rate, average deal size, sales cycle length, renewal, customer retention and forecast accuracy.
- Activity measures such as calls or meetings can indicate effort but do not prove customer value or sales effectiveness. They should be interpreted with outcome measures.
- Balanced performance evaluation considers both results and the quality of selling, including customer feedback, compliance, accuracy of records and relationship health.

LEAD AND KNOWLEDGE MANAGEMENT

Lead management organises potential customer enquiries from initial identification through qualification, assignment, nurturing and conversion. Knowledge management captures and shares information that employees need to serve customers and perform sales activities.

Lead Management Process

- Lead capture collects prospect details from forms, campaigns, events, referrals, partner channels and direct enquiries. Data collection should be limited to what is necessary for the stated purpose.
- Lead validation checks whether information is genuine, complete and relevant. Duplicate records should be identified to prevent multiple employees contacting the same prospect.
- Lead scoring ranks leads according to defined indicators such as fit, expressed interest, engagement and readiness. Scores are guides and should be tested against actual conversion outcomes.
- Lead routing assigns the lead to the appropriate salesperson or team based on geography, product, expertise, account ownership or workload.
- Lead nurturing provides useful information and follow-up to prospects who are not yet ready to buy. Communication should be relevant and respect preferences.
- Lead conversion records the outcome and transfers relevant information into the customer account. Lost or inactive leads can be analysed to improve future campaigns.

Lead Qualification

- Qualification considers whether a prospect has a need that the organisation can meet, access to decision-making, a feasible budget, a realistic timeline and an appropriate fit.
- Scoring models may assign points to observed actions or profile characteristics. The model should be simple enough for employees to understand and should be reviewed for bias and accuracy.
- A high score should not automatically guarantee a sale or a particular treatment. Salespeople should verify important information through conversation.

KNOWLEDGE MANAGEMENT

- Knowledge management is the process of creating, organising, storing, sharing and updating information that helps employees make decisions and serve customers.
- CRM knowledge may include product details, service procedures, pricing rules, frequently asked questions, troubleshooting steps, customer preferences and lessons from resolved cases.
- Knowledge should have an owner, version date, review cycle and approval process. Outdated information can be more harmful than no information because it creates false confidence.

- Employees should be able to search knowledge quickly and provide feedback when an article is unclear or incomplete.

Benefits and Challenges

- Effective lead management improves response time, reduces lead leakage and creates visibility into conversion performance. Knowledge management reduces repeated work and improves consistency.
- Challenges include incomplete lead data, slow assignment, poor scoring, duplicate records, information silos and low employee participation.
- Organisations should establish clear ownership, service targets, data standards and regular review of lead and knowledge processes.

FIELD FORCE AUTOMATION

Field Force Automation uses mobile devices, software and connected business systems to support employees who work outside the office, such as sales representatives, service technicians, inspectors and delivery personnel.

Meaning and Scope

- Field employees may need customer information, route plans, product details, stock availability, service history, forms, quotations and work instructions while travelling or working at a customer location.
- Field Force Automation makes relevant information available through mobile applications and can transmit completed activities to central systems. It may support appointment scheduling, visit planning, order capture, service work orders and proof of delivery.
- Offline functionality is important where network access is weak. The application should securely store necessary information and synchronise it when connectivity returns.

Main Features

- Mobile customer records provide authorised field employees with relevant account details and interaction history.
- Route and visit planning helps organise travel, appointments and territory coverage. Route suggestions should consider realistic travel conditions and customer commitments.
- Order and quotation capture allows field employees to record customer requirements and submit them for processing.

- Work-order management assigns service tasks, records parts and labour, captures completion details and escalates unresolved work.
- Location and attendance features may support coordination, but employee monitoring should be transparent, proportionate and compliant with applicable rules.
- Mobile reporting gives managers visibility into visits, sales, service completion, stock needs and pending work.

Benefits, Limitations and Security

- Benefits include reduced paperwork, faster information sharing, improved visit planning, better data accuracy and quicker service updates.
- Limitations may include device cost, connectivity problems, employee training, battery and security concerns, integration complexity and resistance to monitoring.
- Mobile devices should use appropriate authentication, encryption, access controls, remote management and secure data transmission. Lost devices and unauthorised access should be covered by incident procedures.
- Employees should understand what information is collected, how it is used and what monitoring takes place. Clear policies improve trust and reduce misuse.
- Successful implementation requires a user-friendly application, secure devices, suitable support, employee involvement and gradual change management.

CRM LINKS IN E-BUSINESS

Electronic business uses digital networks and information technology to conduct and support business activities. CRM links e-business channels with customer information and relationship processes so that digital interactions contribute to a connected customer experience.

Meaning and Scope of e-Business

- E-business includes online marketing, electronic purchasing, digital customer service, electronic payments, online collaboration, supply coordination and information exchange with business partners.
- E-commerce is a part of e-business and refers more specifically to buying and selling products or services through electronic channels. E-business is broader because it also includes supporting activities that may not involve a direct online sale.

- CRM in e-business connects website enquiries, account registration, online transactions, support requests, email communication and customer feedback.

CRM Integration with Digital Channels

- Website forms and chat tools can capture enquiries and create leads in CRM. The organisation should explain what information is collected and why.
- Online order systems can pass transaction details into customer records, helping service employees answer questions about payment, delivery and returns.
- Email and messaging integration can record relevant interactions and follow-up commitments. Access should be controlled and unnecessary personal content should not be retained.
- Digital service portals allow customers to view orders, update permitted details, raise cases and access knowledge resources. They should provide accessible alternatives where a customer cannot use the portal.

Benefits and Challenges

- Digital CRM can provide convenience, continuous access, faster response, lower transaction cost and measurable customer interaction data.
- Challenges include cybersecurity threats, privacy risks, digital exclusion, system downtime, poor integration, fraudulent activity and inconsistent experiences across channels.
- Organisations should design secure processes, test usability, maintain service continuity and provide clear support when digital transactions fail.

E-COMMERCE AND CUSTOMER RELATIONSHIPS ON THE INTERNET

E-commerce enables customers and organisations to exchange information, orders, payments and services through electronic networks. Online relationships are shaped by usability, trust, information quality, fulfilment, security and after-sales support.

E-Commerce Models

- Business-to-Consumer (B2C) involves businesses selling to individual consumers through websites, applications or marketplaces.
- Business-to-Business (B2B) involves transactions between organisations. Buying processes may include quotations, approvals, negotiated terms and repeat procurement.
- Consumer-to-Consumer (C2C) platforms enable individuals to transact with other individuals, often through a marketplace that provides listing, payment or dispute-support services.

- Other models include consumer-to-business interactions and government-related electronic services. The model influences customer expectations, payment methods and service responsibilities.

Customer Relationship Stages

- Attraction helps potential customers discover the website or marketplace through search, advertising, content, referrals and social channels.
- Evaluation requires clear product information, accurate images, specifications, pricing, availability, delivery terms, reviews and comparison tools.
- Purchase should provide a simple and secure checkout process, transparent charges and clear confirmation.
- Fulfilment includes order processing, packaging, delivery, tracking and communication about delays or changes.
- After-sales service includes returns, refunds, warranty support, product guidance and complaint resolution. The quality of after-sales support strongly influences repeat purchase.

Trust and Online Experience

- Trust depends on accurate information, secure transactions, clear privacy practices, reliable fulfilment and visible contact or support options.
- Website usability includes understandable navigation, accessible design, fast loading, clear search and a checkout process that avoids unnecessary steps.
- Customers should understand product limitations, delivery dates, cancellation terms, refund rules, recurring charges and other conditions before committing.
- Reviews and ratings can support evaluation, but organisations should not fabricate reviews or suppress legitimate criticism through deceptive practices.

Online Relationship Development

- Personalised recommendations can help customers find relevant products when based on appropriate information and clear preferences.
- Order updates and service messages reduce uncertainty. Marketing messages should be distinguished from essential transaction communications and handled according to customer choice and applicable rules.

- Customer communities, educational content and feedback mechanisms can strengthen engagement when they provide genuine value.
- Organisations should analyse online journey data to identify abandonment, repeated errors and customer effort, while respecting privacy and data protection requirements.

ENTERPRISE RESOURCE PLANNING (ERP)

Enterprise Resource Planning is an integrated information system that supports core organisational processes such as finance, procurement, inventory, production, human resources, sales and distribution. CRM and ERP are complementary systems with different primary focuses.

Meaning and Objectives

- ERP integrates data and processes across departments using a common system or connected modules. It aims to reduce duplicate data entry, improve coordination, provide timely information and support consistent business operations.
- ERP supports transaction processing and resource planning. It may manage orders, inventory, procurement, accounting, production schedules and financial reporting.
- ERP is generally organisation-centred in its process scope, while CRM concentrates on customer-facing relationships. Integration allows customer promises to be checked against operational capability.

Major ERP Modules

- Finance and accounting records transactions, receivables, payables, budgets and financial reports.
- Human resource modules support employee records, payroll, attendance and workforce administration.
- Procurement modules manage supplier information, purchase requests, purchase orders and supplier transactions.
- Inventory and warehouse modules track stock, locations, movements and replenishment.
- Production modules support bills of material, capacity planning, production orders and quality processes.
- Sales and distribution modules process quotations, orders, delivery and billing.

Relationship Between CRM and ERP

- CRM may capture an opportunity and customer requirements, while ERP checks pricing, stock, production capacity, credit status and order fulfilment.
- Integration can provide sales employees with more reliable delivery information and allow service employees to view invoice or shipment status.
- Data definitions and ownership must be agreed. The organisation should identify which system is authoritative for customer master data, product data and financial transactions.
- Integration should use appropriate security, validation and error handling so incorrect customer or order data is not transferred across systems.

ERP Implementation Issues

- ERP implementation requires process analysis, data migration, system configuration, integration, testing, training and change management.
- Common challenges include cost overruns, scope expansion, poor data quality, insufficient user involvement, disruption to operations and inadequate training.
- Organisations should define objectives, appoint process owners, manage scope, test realistic scenarios and plan post-implementation support.

SUPPLY CHAIN MANAGEMENT (SCM)

Supply Chain Management coordinates the flow of materials, information, services and funds from suppliers through production and distribution to final customers. CRM and SCM are connected because customer demand and service expectations influence supply planning.

Meaning and Objectives

- SCM manages relationships and activities across suppliers, manufacturers, logistics providers, distributors, retailers and customers. It seeks to deliver the right product, in the right quantity and condition, at the right place and time, at an appropriate total cost.
- Objectives include reliable supply, inventory efficiency, shorter lead times, improved quality, demand visibility, risk management and customer service.
- Supply chain performance affects customer experience. Stock-outs, late delivery, damaged goods and inaccurate availability information can weaken customer relationships.

Main Activities

- Planning estimates demand, balances capacity and inventory, and coordinates supply with expected customer requirements.
- Sourcing selects suppliers, negotiates terms, monitors quality and manages supplier risk.
- Production transforms materials into finished goods and coordinates quality, capacity and schedules.
- Delivery includes warehousing, transportation, order fulfilment and tracking.
- Returns management handles defective products, exchanges, repairs, recycling and reverse logistics.

CRM–SCM Integration

- CRM information can provide demand signals through customer orders, forecasts, enquiries, promotions and changes in buying behaviour.
- SCM information can provide CRM with stock availability, delivery estimates, shipment status and supply disruption alerts.
- Sharing information can reduce unrealistic sales promises and allow the organisation to communicate proactively about delays or substitutions.
- Integration requires common product and customer identifiers, clear data ownership and agreed update frequency.

Performance, Risks and Resilience

- Measures may include order fulfilment rate, on-time delivery, order accuracy, inventory turnover, lead time, stock-out rate, return rate and total supply chain cost.
- Performance should be considered from the customer's perspective as well as internal efficiency. A low-cost process that repeatedly causes late deliveries may damage long-term value.
- Supply chains face risks such as supplier failure, transport disruption, natural disasters, cyber incidents, quality problems and sudden demand changes.
- Resilience requires risk assessment, alternative sources where practical, suitable inventory policies, supplier communication and contingency planning.
- CRM supports resilience by helping the organisation identify affected customers, prioritise essential communications and record customer-specific commitments.

SUPPLIER RELATIONSHIP MANAGEMENT (SRM)

Supplier Relationship Management is the systematic management of an organisation's interactions with suppliers. It seeks reliable, mutually beneficial relationships while controlling cost, quality, delivery, risk and compliance.

Meaning and Importance

- Suppliers provide materials, components, technology, logistics and services that influence an organisation's ability to meet customer commitments.
- SRM moves beyond placing individual purchase orders. It involves supplier selection, performance review, communication, development, risk assessment and relationship planning.
- Strong supplier relationships can improve quality, innovation, supply continuity and responsiveness. Poor supplier management can lead to delays, defects, disputes and customer dissatisfaction.

Supplier Selection and Classification

- Supplier selection considers quality, price, delivery reliability, technical capability, capacity, financial stability, service, ethical standards and risk.
- Suppliers may be classified according to spend, criticality, supply risk, substitutability and strategic importance. Classification helps determine the appropriate level of relationship management.
- Selection criteria should be transparent and relevant to the purchase. Organisations should avoid conflicts of interest and maintain appropriate procurement records.

Supplier Performance and Development

- Supplier performance indicators may include defect rate, on-time delivery, order accuracy, responsiveness, cost variance, corrective action completion and compliance.
- Performance reviews should use reliable data and provide suppliers with a fair opportunity to explain issues and propose improvements.
- Corrective action plans should identify the problem, root cause, action owner, due date and evidence required to confirm improvement.
- Supplier development may include training, process improvement, quality support, technical collaboration and information sharing.

- Collaboration is useful when suppliers contribute specialist knowledge or joint planning can improve supply reliability. Confidential information should be protected through suitable agreements and controls.

SRM and CRM Connection

- SRM supports CRM indirectly by helping ensure that products and services meet customer expectations. A supplier quality failure may become a customer complaint, while supplier delays may affect delivery commitments.
- Sharing relevant forecasts and demand information can help suppliers plan capacity. Information should be shared at an appropriate level and protected from unauthorised disclosure.

PARTNER RELATIONSHIP MANAGEMENT (PRM)

Partner Relationship Management is the management of relationships with external organisations that help a business reach customers, deliver products, provide services or create market value. Partners may include distributors, dealers, agents, resellers, franchisees, technology providers and referral partners.

Meaning and Objectives

- PRM aims to coordinate partner activity, clarify responsibilities, support partner performance and create a consistent customer experience across the partner network.
- Partners can extend market reach, provide local knowledge, offer specialist services and reduce the need for the organisation to build every capability internally.
- Objectives include partner recruitment, onboarding, training, communication, lead sharing, performance monitoring, conflict management and joint business planning.

Partner Life Cycle

- Partner identification assesses strategic fit, market coverage, reputation, capability, financial stability and compliance requirements.
- Recruitment and agreement define territory, products, pricing rules, targets, service responsibilities, data use, confidentiality and termination conditions.
- Onboarding provides product knowledge, sales tools, technical access, brand guidance and operational procedures.

- Enablement supports partners through training, marketing resources, product updates, deal registration and technical assistance.
- Performance management reviews sales, service quality, customer feedback, compliance and joint plans.
- Renewal or exit decisions consider performance, strategy, risk and contractual obligations.

PRM Technology and Governance

- PRM portals may provide product catalogues, training, price information, lead registration, deal status, marketing materials and support requests.
- Access should be role-based. Partners should receive only the customer and business information necessary for their responsibilities.
- Conflicts may arise over territories, customer ownership, pricing, lead allocation, service responsibility or direct sales by the manufacturer.
- Clear agreements, transparent rules, regular communication and a defined escalation process reduce avoidable conflict.
- Partner governance should protect customers from inconsistent promises and ensure that partner conduct meets legal, ethical and brand standards.

Difference Between CRM, SRM and PRM

- CRM primarily manages relationships with customers and prospects. SRM manages relationships with suppliers that provide inputs or services to the organisation. PRM manages relationships with external partners that support selling, distribution, delivery or market development.
- These systems are connected through shared business processes. A customer order may depend on supplier performance and partner fulfilment, so information must flow across the relevant relationships.

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UNIT – IV

ANALYTICAL CRM

ANALYTICAL CRM

Analytical CRM uses customer-related data, statistical analysis and reporting to understand customer behaviour, evaluate relationship performance and support decisions. It converts collected information into insight for marketing, sales, service and management.

Meaning and Objectives

- Operational CRM supports day-to-day customer-facing activities such as sales automation, marketing campaigns and service cases. Analytical CRM examines information generated by those activities to identify patterns and support decisions.
- Objectives include customer segmentation, behaviour analysis, profitability assessment, churn prediction, campaign evaluation, service improvement and demand forecasting.
- Analytical CRM should answer defined business questions. Collecting large volumes of data without a decision purpose increases cost and risk without necessarily improving customer value.

Types of Customer Analytics

- Descriptive analytics explains what has happened, such as sales by customer segment or the number of complaints received in a month.
- Diagnostic analytics explores why an outcome occurred, for example, whether delivery delays are associated with a particular region or product category.
- Predictive analytics estimates what may happen, such as the likelihood of renewal or response to a campaign.
- Prescriptive analytics compares possible actions and recommends an intervention, subject to assumptions, constraints and human oversight.

Analytical CRM Process

- Define the business question and the decision that the analysis will support.
- Identify the relevant data sources, owners, permissions and quality requirements.
- Prepare data by validating, standardising, matching and handling missing or duplicate records.
- Select suitable analytical methods and examine whether their assumptions are appropriate.
- Interpret results in business context and communicate limitations clearly.

- Apply the insight through a controlled action and measure the outcome.

Benefits and Limitations

- Analytical CRM can improve targeting, customer understanding, resource allocation, service planning and management visibility.
- Limitations include poor data quality, incomplete records, biased samples, incorrect assumptions, privacy risks and over-reliance on model outputs.
- Analysis should be reviewed by people who understand the business process and the customers affected by the decision.

MANAGING AND SHARING CUSTOMER DATA

Customer data management involves collecting, recording, organising, maintaining, protecting, using and sharing information about customers. Effective data management supports consistent service and reliable analysis while protecting customer rights and organisational responsibilities.

Types of Customer Data

- Identity and contact data may include customer name, account number, address and preferred contact channel.
- Profile data may include relevant customer or organisation characteristics used for service or segmentation.
- Transaction data includes orders, invoices, payments, returns and subscriptions.
- Interaction data includes enquiries, calls, emails, chats, complaints and service cases.
- Behavioural data may include website activity, product usage and responses to communication, subject to appropriate notice, purpose and legal basis.
- Preference and consent records document communication choices, service requirements and permissions.

Customer Data Life Cycle

- Collection should be limited to information that is necessary for a defined purpose. Customers should receive appropriate information about collection and use.
- Validation checks whether information is complete, accurate and in a usable format. Standardisation improves consistency across systems.
- Storage should use appropriate access controls, security safeguards, backup and retention arrangements.

- Use should be limited to authorised purposes. Employees should understand when customer information may be viewed, changed or shared.
- Sharing should follow approved rules, contractual arrangements and applicable legal requirements. Data should not be distributed merely because a department requests it.
- Retention and deletion should follow legal, contractual and business requirements. Unnecessary data should not be kept indefinitely.

Data Quality Dimensions

- Accuracy means that data correctly represents the relevant fact. Completeness means that required fields are available. Consistency means that the same information is represented in compatible ways across systems.
- Timeliness means that information is sufficiently current for the intended decision. Validity means that data follows defined formats and rules. Uniqueness means that duplicate records are controlled.
- Data quality should be monitored through validation rules, exception reports, duplicate detection, employee feedback and periodic audits.

Data Sharing and Integration

- Departments may need to share customer information to coordinate sales, billing, delivery and support. Sharing should be based on role and purpose.
- Integration may use application programming interfaces, secure file transfer, middleware or shared platforms. The method should include authentication, validation, logging and error handling.
- Master data management establishes consistent core records for customers, products and other entities. It helps prevent different departments from maintaining conflicting versions of the same record.
- Data sharing agreements and internal policies should specify permitted purposes, responsibilities, security, retention and incident reporting.

Governance and Security

- Data governance assigns responsibility for data definitions, quality, access, retention and permitted use. It includes policies, standards, ownership and oversight.

- Security controls may include strong authentication, role-based access, encryption, secure backups, monitoring and staff awareness.
- Employees should avoid downloading customer lists to personal devices or sharing information through unapproved channels. Suspected incidents should be reported promptly under organisational procedures.
- Customer data management should be reviewed as systems, laws, threats and business practices change.

CUSTOMER INFORMATION DATABASES

A customer information database is an organised collection of customer records that can be stored, searched, updated and used by authorised systems and employees. It provides a foundation for customer service, sales, marketing and analytical CRM.

Purpose and Uses

- A customer database helps identify customers, maintain contact details, record transactions, track interactions and coordinate service.
- It supports customer segmentation, campaign selection, account planning, service history review and management reporting.
- A database is valuable only when information is relevant, accurate, secure and accessible to authorised users.

Database Structure and Records

- A customer record may contain a unique identifier, contact information, account details, preferences, transaction references and interaction history.
- Related tables or entities may store orders, products, cases, payments and communication permissions. Relationships between records help create a fuller view without placing every item in one large record.
- Unique identifiers help distinguish customers with similar names and reduce accidental merging. The organisation should define rules for duplicate detection and record matching.

Database Management Activities

- Data entry standards define how employees record names, addresses, dates, telephone numbers and other fields.

- Data cleansing identifies and corrects errors, duplicates, missing values and inconsistent formats.
- Data updating keeps records current when customers change contact details, preferences or account status.
- Backup and recovery protect information against accidental loss, system failure or cyber incidents.
- Access management ensures that employees can view or change only the information required for their roles.

Database Design Considerations

- The design should reflect business requirements, expected data volume, number of users, reporting needs, integration and security requirements.
- Database fields should have clear definitions and validation rules. Unnecessary fields increase complexity and may encourage collection of information that has no valid purpose.
- Performance and usability matter. Slow searches or complicated forms may lead employees to create unofficial records outside the system.
- Database documentation should explain data definitions, relationships, ownership and maintenance procedures.

Challenges and Good Practices

- Challenges include fragmented systems, duplicate profiles, inconsistent formats, outdated records, unauthorised access and poor employee adoption.
- Good practices include assigning data owners, using standard definitions, validating information at entry, reviewing quality, protecting access and training users.
- Customer records should be corrected when reliable information is available and handled in accordance with applicable rights and retention requirements.

ETHICS AND LEGALITIES OF DATA USE

Ethical and lawful data use requires organisations to respect customer privacy, process information fairly, maintain security, provide transparency and use data for legitimate purposes. Exact legal requirements depend on jurisdiction, data type, organisation and processing activity.

Ethical Principles

- Transparency means explaining what information is collected, why it is used and, where relevant, with whom it is shared.
- Purpose limitation means using information for specified and legitimate purposes rather than repurposing it in unexpected ways without an appropriate basis.
- Data minimisation means collecting and retaining only what is reasonably necessary for the stated purpose.
- Accuracy requires reasonable steps to keep information correct and to correct material errors.
- Security and confidentiality require safeguards against unauthorised access, loss, alteration and disclosure.
- Accountability means that the organisation can demonstrate that it has appropriate policies, controls and responsibility for data handling.

Consent, Choice and Customer Rights

- Where consent is the appropriate basis for processing, it should be informed, specific and freely given, and customers should be able to exercise relevant choices.
- Organisations should respect communication preferences and provide appropriate ways to stop marketing messages. Transactional and service communications should be distinguished from promotional messages.
- Customers may have rights relating to access, correction, erasure, restriction or other forms of control under applicable law. Organisations should establish a process to receive and respond to requests.
- Consent should not be treated as a universal solution for every type of data processing. Organisations need to identify the appropriate legal basis and obligations for each activity.

Legal and Regulatory Considerations

- In India, the Digital Personal Data Protection Act, 2023 is a key legislative framework concerning digital personal data. Its applicable obligations, rules, commencement provisions and operational requirements should be checked against current official notifications and rules before an organisation relies on a particular compliance position.

- Other laws and sectoral directions may also affect customer information, including rules relating to information technology, consumer protection, telecommunications, financial services and contractual confidentiality.
- Organisations operating across countries may need to comply with more than one privacy or data protection regime. A policy suitable in one jurisdiction may not be sufficient in another.

Data Ethics in Analytics and AI

- Analytical systems may create profiles, predictions or recommendations about customers. Such systems should be tested for accuracy, unfair outcomes, inappropriate variables and unintended consequences.
- Customers should not be subjected to unexplained or harmful decisions solely because an algorithm assigns them a score. Human review and an appeal or correction process may be necessary for significant decisions.
- Organisations should avoid collecting sensitive information without a clear and lawful need. Data should not be used to manipulate vulnerable customers or exploit confidential circumstances.
- Ethical review should continue after deployment because data, models and customer expectations change.

Building a Responsible Data Culture

- A responsible data culture requires leadership, clear policies, employee training, secure systems, incident reporting and regular review.
- Employees should know how to verify identity, share information safely, respond to data requests and report suspected incidents.
- Management should treat privacy and security as ongoing responsibilities rather than a one-time legal checklist.

DATA WAREHOUSING AND DATA MINING CONCEPTS

Data warehousing and data mining are important foundations of analytical CRM. A data warehouse organises information from multiple sources for analysis, while data mining applies analytical techniques to discover patterns and relationships in data.

Meaning of Data Warehouse

- A data warehouse is a central repository designed to support reporting and analysis across an organisation. It may combine information from CRM, ERP, sales, service, finance and digital channels.
- Unlike operational systems that process current transactions, a data warehouse is generally structured for analytical queries and historical comparison.
- A data warehouse can help managers examine trends over time, compare segments and evaluate performance across channels or products.

Characteristics and Components

- Subject-oriented organisation means data is arranged around important business subjects such as customers, products, sales and service.
- Integration means information from different systems is standardised and combined using agreed definitions.
- Time-variant data supports historical analysis and trend comparison.
- Non-volatile design means warehouse data is generally loaded and refreshed through controlled processes rather than changed directly by ordinary operational transactions.
- Components may include source systems, extraction and transformation processes, staging areas, warehouse storage, metadata, analytical tools and reporting interfaces.

ETL and Data Preparation

- Extraction obtains data from source systems. Transformation standardises formats, validates values, resolves mappings and applies business rules. Loading places prepared data into the warehouse.
- Data preparation is often one of the most demanding parts of analytics because source systems may use different identifiers, date formats and definitions.
- Data lineage records where data originated and how it was transformed. It helps users understand the reliability and meaning of reports.

Data Marts and OLAP

- A data mart is a focused analytical store for a particular department or subject, such as sales, marketing or customer service.

- Online Analytical Processing (OLAP) supports multidimensional analysis. Users may examine information by time, region, product, customer segment or channel.
- Common OLAP operations include roll-up, drill-down, slice, dice and pivot. These operations allow users to move between summary and detailed views.

Meaning and Techniques of Data Mining

- Data mining is the process of discovering useful patterns, relationships, groups or anomalies in large datasets using statistical and computational methods.
- Classification assigns records to predefined categories, such as likely to renew or unlikely to renew, based on a model developed from labelled examples.
- Clustering groups records according to similarity when predefined categories are not available. The resulting groups must be interpreted and named by analysts.
- Association rule mining identifies items or events that frequently occur together. It can support product affinity analysis.
- Regression estimates a numerical value, such as expected sales or customer spend.
- Anomaly detection identifies unusual patterns that may require investigation, such as unexpected transaction behaviour.
- Decision trees, neural networks and other machine-learning methods may be used where appropriate, but complexity should be justified by measurable benefit.

Data Mining Process and Limitations

- The process begins with a clear business problem, followed by data understanding, preparation, model selection, testing, interpretation and deployment.
- Models should be tested on data not used to build them. Evaluation measures should match the business purpose and the consequences of errors.
- Limitations include biased data, missing values, overfitting, changing customer behaviour, false patterns and privacy risks.
- Human oversight is required to decide whether a discovered pattern is meaningful and whether acting on it is appropriate.

DATA ANALYSIS

Data analysis is the systematic examination of information to answer questions, identify patterns, test explanations and support decisions. In CRM, analysis connects customer data with business objectives such as retention, satisfaction, profitability and service improvement.

Steps in Data Analysis

- Problem definition identifies the question, target population, outcome and decision to be supported.
- Data collection identifies relevant records and ensures that their use is appropriate for the purpose.
- Data cleaning checks missing values, duplicates, inconsistent formats, outliers and errors.
- Exploratory analysis summarises the data through tables, charts and descriptive statistics.
- Analytical modelling applies suitable methods to examine relationships or estimate outcomes.
- Interpretation explains what the results mean, what they do not mean and how confident the organisation should be.
- Communication presents findings in a clear form for intended decision-makers. Evaluation checks whether the resulting action improved the intended outcome.

Descriptive Statistics

- Measures of central tendency include mean, median and mode. The mean is sensitive to extreme values, while the median may better represent a skewed distribution.
- Measures of dispersion include range, variance and standard deviation. They describe how widely observations vary.
- Percentages and rates help compare groups of different sizes, provided the denominator is clearly defined.
- Cross-tabulation compares categories, such as complaint type by product or channel. It can reveal patterns that require further investigation.

Exploratory and Diagnostic Analysis

- Exploratory analysis uses summaries and visualisations to identify patterns, unusual observations and possible relationships.
- Diagnostic analysis investigates potential explanations through segmentation, comparisons, process review and appropriate statistical tests.

- Correlation indicates association but does not by itself establish causation. A relationship between two variables may be influenced by other factors.
- Managers should avoid drawing strong conclusions from small samples or selective observations.

Customer Analytics Applications

- Acquisition analysis examines lead sources, qualification, conversion and acquisition cost.
- Retention analysis examines repeat purchase, renewal, churn and the timing of customer exit.
- Service analysis examines response time, resolution, repeat contact, complaint categories and customer effort.
- Profitability analysis estimates revenue and cost by customer, segment, product or channel.
- Campaign analysis compares audience, response, conversion and financial outcomes.
- Journey analysis examines customer movement across touchpoints and identifies friction or abandonment.

Presenting and Using Analysis

- Reports should state the period, population, definitions, data sources and calculation method. This prevents teams from comparing measures that are not equivalent.
- Charts should be selected to match the question. Trends may be shown with line charts, category comparisons with bar charts and distributions with suitable plots.
- Recommendations should be linked to evidence and should identify assumptions, risks and expected measures of success.
- Analysis becomes valuable when it informs a decision, the action is implemented and the outcome is reviewed.

MARKET BASKET ANALYSIS (MBA)

Market Basket Analysis is a data-mining technique used to identify products or services that are frequently purchased together in the same transaction or within a defined shopping period. It is commonly associated with association rule mining.

Meaning and Purpose

- Market Basket Analysis examines transaction records to identify product combinations and purchasing patterns. Retailers may use findings for product placement, bundles, recommendations, promotions and inventory planning.

- The method can also be applied to digital services or subscription combinations, provided the transaction unit and observation period are clearly defined.
- The results indicate patterns in data; they do not prove that one product causes the purchase of another.

Association Rules and Measures

- An association rule is commonly written as X → Y, meaning that transactions containing item set X are associated with transactions containing item set Y.
- Support measures how frequently the combined item set appears in all transactions. It indicates the overall prevalence of the combination.
- Confidence measures the proportion of transactions containing X that also contain Y. It indicates the conditional frequency of Y when X occurs.
- Lift compares the observed co-occurrence with the co-occurrence expected if X and Y were independent. A lift greater than one indicates positive association, while a value near one indicates little association under this measure.

Illustrative Example

- Assume a store records 1,000 transactions. Bread appears in 300 transactions, butter appears in 200 transactions and both appear together in 120 transactions.
- The support for the combination bread and butter is 120 divided by 1,000, or 12 per cent.
- The confidence of the rule bread → butter is 120 divided by 300, or 40 per cent. This means that 40 per cent of transactions containing bread also contain butter.
- The lift is the confidence of the rule divided by the overall proportion of transactions containing butter. It is 0.40 divided by 0.20, or 2. This indicates that the two products occur together twice as often as would be expected under independence in this illustrative dataset.
- The example explains the measures only. Actual business decisions require representative data, consideration of seasonality and evaluation of commercial effects.

Applications and Limitations

- Product recommendations can suggest complementary items based on observed purchase combinations. Store layout can place associated products in convenient locations without making shopping confusing.

- Bundles and promotions can be designed to encourage relevant combinations. The organisation should check whether the offer increases contribution or merely discounts purchases customers would have made anyway.
- Digital commerce platforms can use association patterns to provide recommendations during search, basket review or post-purchase communication.
- Frequent co-purchase may be caused by seasonality, promotions, store layout or customer characteristics rather than a stable relationship. Very common products may produce frequent but commercially unhelpful rules.
- Rules may become outdated when product ranges, prices and customer behaviour change. Recommendations should respect customer preferences and avoid excessive prompting.

CLICKSTREAM ANALYSIS

- Clickstream analysis examines the sequence of pages, screens, links or actions that users follow while interacting with a website or digital application. It helps organisations understand navigation, engagement, conversion and points of difficulty.

Meaning and Clickstream Data

- A clickstream is a chronological record of user interactions, such as page views, clicks, searches, product views, basket additions, checkout steps and form submissions.
- Data may include timestamps, page identifiers, session identifiers, device information and referral source. The collection and use of such information must follow applicable privacy and consent requirements.
- Clickstream data can be analysed at session level, user level or event level. The chosen unit affects interpretation.

Journey and Funnel Analysis

- A conversion funnel describes the steps users are expected to complete, such as landing page, product view, basket, checkout and purchase.
- Funnel analysis measures how many users proceed from one step to the next and where they abandon the process.
- Journey analysis examines sequences that may not follow a single predefined path. Users may compare products, return to search, read support content or switch devices.

- High abandonment at a particular step may indicate unclear information, unexpected charges, technical problems or lack of trust. Further investigation is required before deciding the cause.

Common Measures

- Page views measure page displays, while unique visitors attempt to count distinct users according to the analytics system's identification method.
- Bounce or engagement measures depend on the platform's definition and should not be compared without checking the calculation.
- Conversion rate measures the proportion of a defined population that completes a target action.
- Session duration and pages per session can provide context but should not automatically be interpreted as satisfaction. A short session may indicate either a quick successful task or a user who leaves in frustration.
- Click-through rate measures the proportion of impressions or exposures that result in a click, depending on the defined denominator.

Uses, Limitations and Privacy

- Clickstream analysis can improve website navigation, product discovery, content relevance, online service and checkout design.
- It can identify pages that generate enquiries or support requests and help marketing teams understand which digital paths contribute to conversion.
- Users may access a website through several devices or browsers, making identity matching incomplete. Shared devices and automated traffic can also affect analysis.
- Tracking may be blocked or limited by browser settings, consent choices or privacy tools. Organisations should not assume every interaction is captured.
- Data should be collected transparently and only to the extent permitted and necessary. Sensitive or unexpected inferences should be avoided.

PERSONALIZATION AND COLLABORATIVE FILTERING

- Personalization adapts content, recommendations, communication or service to the needs and preferences of an individual customer. Collaborative filtering is a recommendation method that uses patterns of similarity among users or items to suggest products or content.

Meaning and Forms of Personalization

- Personalization may use customer-stated preferences, purchase history, browsing behaviour, service history or the context of the current interaction.
- Rule-based personalization uses predefined conditions, such as showing product information relevant to a selected category.
- Data-driven personalization uses statistical or machine-learning methods to estimate which content, offer or product may be relevant.
- Contextual personalization considers the immediate situation, such as the device, page, time or task being performed.

Collaborative Filtering

- User-based collaborative filtering identifies users with similar preference or behaviour patterns and recommends items liked or used by similar users.
- Item-based collaborative filtering identifies items that are commonly associated with the same users and recommends items similar to those a customer has already selected.
- Matrix factorisation and related methods represent users and items through latent factors and estimate likely preferences from observed interactions.
- Collaborative filtering does not necessarily require detailed product descriptions; it can learn from interaction patterns. However, it depends on sufficient and reliable interaction data.

Content-Based and Hybrid Recommendation

- Content-based recommendation uses attributes of items and a customer's previous interests. For example, it may recommend products with features similar to those a customer previously viewed or purchased.
- Hybrid systems combine collaborative and content-based methods to address limitations of each approach and improve relevance.
- Rule-based recommendations may be easier to explain and control, while machine-learning recommendations may identify more complex patterns. The appropriate method depends on data, scale and business needs.

Cold Start, Sparsity and Governance

- The cold-start problem occurs when a new customer or item has little or no interaction history. The system may not have enough information to make a reliable recommendation.

- Data sparsity occurs when the user-item interaction matrix contains many missing values. This can reduce the reliability of similarity calculations.
- Possible responses include asking customers about preferences, using product attributes, applying popular or contextual recommendations and gradually learning from new interactions.
- Personalization can improve discovery, convenience, engagement and conversion when recommendations are relevant. Poor personalization can feel intrusive, reinforce narrow choices, expose sensitive inferences or repeatedly recommend unsuitable products.
- Customers should have appropriate control over preferences and communication. Data use should be transparent and secure. Recommendation systems should be monitored for quality, diversity, unfair outcomes and unintended effects.

GTMT

UNIT – V

CRM IMPLEMENTATION

CRM IMPLEMENTATION

CRM implementation is the planned introduction or improvement of the strategy, processes, people, data and technology used to manage customer relationships. Implementation involves organisational change and should be treated as a business programme rather than only an IT installation.

Meaning and Need

- Organisations implement CRM to improve customer understanding, coordinate departments, strengthen sales execution, improve service, support retention and make better use of customer information.
- Implementation may involve a new CRM platform, replacement of an existing system, integration of separate tools, redesign of customer processes or a broader change in relationship strategy.
- The scope should be based on business needs. A small organisation may need a simple contact and case-management system, while a complex enterprise may require multiple integrated modules and governance arrangements.

DEFINING SUCCESS FACTORS

- Clear business objectives ensure that the programme addresses real customer and organisational needs.
- Leadership sponsorship provides direction, resources and authority to resolve cross-functional issues.
- User involvement ensures that system design reflects actual work and that employees understand the benefits.
- Process clarity defines how leads, accounts, orders, complaints and follow-ups should be handled.
- Data quality and governance establish reliable records, ownership, security and permitted use.
- Suitable technology provides the required functionality, usability, integration and scalability.
- Training and change management prepare employees for new roles and workflows.
- Measurement and continuous improvement confirm whether the programme is achieving intended outcomes.

Causes of Failure

- Unclear objectives may lead to a system that stores information without improving decisions or customer experience.
- Technology-led implementation may overlook customer processes and employee requirements.
- Poor data migration can create duplicate, incomplete or inaccurate records.
- Lack of user adoption may result in incomplete records and continued use of unofficial spreadsheets.
- Excessive customisation can increase cost, complexity and maintenance difficulty.
- Insufficient management support may leave departments with conflicting priorities.
- Unrealistic expectations may cause stakeholders to expect immediate results from a programme that requires process change and learning.

Implementation Governance

- Governance establishes decision-making authority, roles, reporting, risk management and change control.
- A steering group may include business leadership, sales, marketing, service, operations, finance, IT, legal or compliance representatives as appropriate.
- Project ownership should be clear. Each major process and data area should have an accountable owner.
- Risks, issues, decisions and changes should be recorded and reviewed regularly.

PREPARING BUSINESS PLAN REQUIREMENTS, JUSTIFICATION AND PROCESSES

A CRM business plan explains why the organisation needs CRM, what it intends to achieve, what resources are required, how the solution will operate and how benefits will be evaluated. It provides the basis for investment and implementation decisions.

Business Requirements

- Requirements describe what the organisation needs the CRM solution and associated processes to do. They should be expressed in business language and prioritised.
- Functional requirements may include lead capture, account management, sales pipeline, campaign management, case management, reporting, workflow and customer communication.
- Non-functional requirements may include security, performance, availability, accessibility, usability, scalability, auditability, integration and support.

- Requirements should identify user roles, business rules, data fields, approval steps, reporting needs and exception scenarios.

Stakeholder Analysis

- Stakeholders include customers, sales employees, service agents, marketing teams, managers, IT staff, finance, suppliers and business partners.
- Different stakeholders may have different expectations. Sales employees may need rapid access to account information, while managers may need forecast reports and compliance teams may need audit trails.
- Stakeholder consultation helps identify conflicts early and supports realistic prioritisation.

Business Justification

- The justification should explain the problem, proposed solution, expected benefits, costs, risks, alternatives and assumptions.
- Benefits may include increased conversion, improved retention, reduced administrative work, faster service, improved reporting and better customer experience.
- Costs may include software subscriptions or licences, implementation services, integration, data cleansing, training, internal staff time, support and future upgrades.
- Some benefits are difficult to quantify. They may be described as service quality, risk reduction or improved decision-making, with suitable measures to assess progress.
- A business case should use realistic assumptions and include sensitivity analysis where results depend on uncertain adoption, conversion or retention improvements.

Process Mapping and Redesign

- Current-state process mapping records how work is performed today, including hand-offs, approvals, delays, systems and exceptions.
- Future-state process design describes how the organisation intends the work to operate after implementation. It should remove unnecessary steps while retaining appropriate controls.
- Process redesign should consider customer effort and employee workload. Automating an inefficient process may simply make the inefficiency faster.
- Process owners should approve the future process and define responsibilities, service standards and performance measures.

Business Plan Structure

- A practical CRM business plan may include an executive overview, business context, problem statement, objectives, scope, stakeholders, requirements, process design, options analysis, cost estimate, benefits, risks, implementation plan, governance and measurement approach.
- The plan should be understandable to decision-makers who are not technology specialists. Technical details should be included where they affect cost, risk, integration or capability.
- The business plan should be updated when assumptions, scope or business priorities change.

CHOOSING CRM TOOLS

Choosing CRM tools involves evaluating software and services against business requirements, user needs, integration, security, cost and long-term support. Selection should be based on fit rather than popularity or the number of features advertised.

Categories of CRM Tools

- Operational CRM tools support sales automation, marketing automation, customer service, case management and workflow.
- Analytical CRM tools support reporting, dashboards, data exploration, segmentation, forecasting and predictive analysis.
- Collaborative CRM tools support communication and information sharing across channels, teams and business partners.
- Many platforms combine these capabilities, but the quality and depth of each module may differ.

Selection Criteria

- Functional fit assesses whether the tool supports required processes without excessive customisation.
- Usability assesses whether employees can complete routine tasks efficiently and understand the interface.
- Integration assesses compatibility with existing systems, data sources and communication channels.
- Security and privacy assess authentication, access control, encryption, audit logs, data location options, incident response and contractual safeguards.

- Scalability considers whether the system can support expected growth in users, customers, data and transaction volume.
- Reliability and support assess availability, vendor service, documentation, training and issue resolution.
- Total cost of ownership includes licensing, implementation, configuration, integration, migration, training, support and future changes.

Vendor Evaluation

- The organisation should prepare a shortlist based on mandatory requirements and weighted evaluation criteria.
- Demonstrations should use realistic scenarios drawn from the organisation's processes rather than generic vendor presentations.
- Reference checks can help understand implementation experience, support quality and product limitations. References should be relevant to the organisation's size and use case.
- Contracts should define service commitments, data ownership, permitted use, security, confidentiality, exit assistance, portability and responsibility for incidents.
- Proof-of-concept or pilot testing can reduce uncertainty before a large-scale commitment.

Build, Buy and Configure

- A packaged CRM product may provide established functionality and regular updates, but it may require process adaptation or configuration.
- A custom-built solution may provide closer fit but can involve higher development, maintenance and continuity risk.
- Configuration uses available platform features to adapt forms, workflows and reports. Customisation changes or extends the underlying product and may increase complexity.
- The organisation should select the simplest approach that meets essential requirements and can be maintained over time.

DEFINING FUNCTIONALITIES

CRM functionality refers to the capabilities that the system provides to support customer-related work. Functionality should be defined in terms of user tasks and business outcomes rather than a long list of software features.

Customer and Account Management

- Contact management stores relevant individual contact details and communication history. Account management represents the relationship with a business customer or organisational entity.
- Relationship mapping can identify decision-makers, influencers, users and other contacts associated with an account.
- Duplicate management and record ownership help maintain reliable customer profiles.

Sales and Marketing Functionality

- Lead management captures, qualifies, assigns and tracks potential customers.
- Opportunity management records potential deals, stages, value, expected closing dates, competitors and next actions.
- Quotation and order functionality may support proposals, approvals and hand-off to order processing.
- Campaign management supports audience selection, communication, response tracking and evaluation.
- Marketing automation may schedule permitted messages and trigger follow-up based on defined events.

Service and Support Functionality

- Case management records customer issues, assigns responsibility, tracks priority and documents resolution.
- Knowledge management provides approved information and troubleshooting guidance.
- Service-level tracking monitors response, resolution and other agreed targets.
- Customer portals may allow customers to view information, submit requests and track cases.
- Escalation workflows ensure that urgent or unresolved issues reach the appropriate authority.

Reporting and Administration

- Dashboards present relevant measures for different roles. Reports should use agreed definitions and reliable data.
- Workflow automation supports approvals, reminders, assignment and notifications.
- Role-based access controls determine what users can view and change.
- Audit trails record important changes and actions for accountability.

- Administration functionality supports user management, configuration, data quality and system monitoring.

Prioritising Functionalities

- Mandatory functions are essential for legal, operational or critical business reasons. Important functions provide substantial value but may be phased. Optional functions may be considered after the core system is stable.
- Prioritisation should consider customer impact, business value, risk, cost, complexity and dependency.
- Organisations should avoid adding features simply because they are available. Every function creates design, training, data and maintenance responsibilities.

HOME-GROWN VERSUS OUTSOURCED APPROACHES

Organisations must decide whether CRM capabilities should be developed and operated internally, obtained from an external provider or delivered through a combination of internal and outsourced resources.

Home-Grown or In-House Approach

- An in-house approach uses the organisation's own employees and infrastructure to develop, configure or operate CRM capabilities.
- Advantages may include direct control, closer alignment with internal processes, internal knowledge development and greater control over the development roadmap.
- Disadvantages may include recruitment and training costs, limited specialist expertise, longer delivery time, dependence on key employees and ongoing maintenance responsibility.
- In-house development is more suitable when requirements are distinctive, internal capability is strong and the organisation can support the solution over its life cycle.

Outsourced Approach

- Outsourcing uses an external provider for software, implementation, hosting, support or managed services.
- Advantages may include access to specialist expertise, faster deployment, predictable service arrangements and reduced need to build every technical capability internally.

- Disadvantages may include vendor dependence, reduced direct control, recurring fees, integration constraints, data protection concerns and possible difficulty moving to another provider.
- Outsourcing does not remove the organisation's responsibility for customer relationships, lawful data use or oversight of service quality.

Hybrid Approach

- A hybrid model combines internal ownership of business processes and customer strategy with external software or specialist implementation support.
- The organisation may retain data governance, process ownership and customer policy internally while using a vendor for hosting, upgrades or technical support.
- Responsibilities should be documented so that internal teams and suppliers know who handles incidents, changes, data requests and service failures.

Decision Factors

- The decision should consider strategic importance, cost over the full life cycle, internal skills, security, compliance, speed, flexibility, scalability and exit options.
- Vendor contracts should address service levels, data portability, subcontractors, security controls, incident notification, audit rights and termination support as appropriate.
- The chosen approach should be reviewed as organisational capability and market conditions change.

MANAGING CUSTOMER RELATIONSHIPS: CONFLICT, COMPLACENCY AND RESETTING CRM STRATEGY

Customer relationships require continuous attention. Relationships may weaken because of conflict, unmet expectations, organisational complacency or changes in customer needs. A CRM strategy reset may be required when existing practices no longer deliver appropriate value.

Managing Customer Relationship Conflict

- Conflict may arise from price disputes, service failures, delivery delays, product defects, unclear responsibilities, contract interpretation or communication breakdown.
- The first step is to understand the facts and the customer's perspective. Employees should listen carefully, acknowledge the concern and avoid defensive or blaming language.

- Where possible, the issue should be resolved by the employee who owns the relationship. Complex or high-impact cases may require escalation to a manager or specialist.
- Agreements, service records and communication history help establish what was promised and what occurred. The organisation should explain its position clearly and fairly.
- After resolution, the organisation should identify the root cause and prevent recurrence. A refund or apology may address the immediate complaint but may not correct a broken process.

Complacency in Customer Relationships

- Complacency occurs when an organisation assumes that customers will remain loyal without continued attention to quality, service and changing needs.
- Warning signs include reduced customer contact, repeated unresolved complaints, declining usage, outdated customer information, lack of innovation and failure to review competitors.
- Long-standing customers should not be taken for granted. Their expectations may rise as their experience and alternatives increase.
- Managers can reduce complacency through regular account reviews, customer feedback, service audits, employee listening and review of retention indicators.

Customer Relationship Recovery

- Relationship recovery begins by acknowledging the failure and understanding its impact. The organisation should provide a realistic explanation without making excuses.
- Corrective action should be appropriate to the harm and consistent with contractual terms, policy and law. The organisation should state what will happen next and when.
- Follow-up confirms whether the customer considers the issue resolved and whether corrective action has worked.
- Recovery should be measured not only by the immediate complaint outcome but also by repeat incidents, customer effort and subsequent relationship behaviour.

RESETTING THE CRM STRATEGY

- A CRM strategy reset may be necessary when customer segments change, technology becomes unsuitable, data quality declines, channels fragment or business objectives shift.
- The organisation should reassess target customers, value proposition, relationship priorities, customer journeys, service model and performance measures.

- Existing CRM processes should be reviewed to identify activities that no longer create value or that create unnecessary customer effort.
- Technology and data arrangements should then be aligned with the revised strategy. A system replacement alone is not a strategy reset.
- Implementation of the revised strategy should include communication, training, process ownership, phased delivery and outcome measurement.

Managing Change During a Reset

- Employees need to understand why the strategy is changing and how their responsibilities will be affected.
- Customers should receive clear communication where service channels, account arrangements, data use or support processes change.
- Leaders should monitor unintended effects, gather feedback and adjust the plan as necessary.

SELLING CRM INTERNALLY

Selling CRM internally means gaining support from executives, managers and employees for the CRM strategy, processes and technology. Internal acceptance is essential because employees across the organisation create, use and maintain customer information.

Need for Internal Selling

- CRM may change how employees record work, share information, assign leads, handle complaints and measure performance. Without explanation and participation, employees may view the programme as extra monitoring or administration.
- Internal selling explains the business problem, customer benefit, employee benefit and organisational value. It should be based on evidence rather than exaggerated promises.
- Different groups need different messages. Executives may focus on strategic value and risk, sales teams on lead visibility and follow-up, and service employees on faster access to customer history.

Building the Internal Case

- Use customer evidence such as repeated complaints, missed follow-ups, duplicate records, slow response or inconsistent service.
- Explain the proposed process and demonstrate how CRM will make work easier or more reliable.

- Identify the resources, training and support employees will receive.
- Show how success will be measured and how employee feedback will influence improvement.
- Be transparent about performance monitoring and data access. CRM information should not be used in ways that contradict communicated policies.

Internal Communication and Engagement

- Communication should begin before implementation and continue during design, pilot, launch and improvement.
- Workshops, demonstrations, user groups and pilot teams allow employees to raise concerns and test practical workflows.
- Champions or super-users can help colleagues learn the system and communicate issues to the project team.
- Managers should recognise useful adoption and correct process problems rather than relying only on pressure to enter data.

Handling Resistance

- Resistance may arise from fear of job change, loss of autonomy, poor previous technology experience, lack of skills or concern about monitoring.
- Leaders should listen to the reason for resistance and distinguish legitimate design problems from reluctance to change.
- Training, workflow simplification, visible support and employee participation can improve acceptance.
- Internal selling is an ongoing activity. Support must continue after launch as employees encounter real customer situations.

CRM DEVELOPMENT TEAM

A CRM development team is the group responsible for planning, designing, configuring, integrating, testing, deploying and improving the CRM solution. The team should combine business knowledge with technical and change-management capability.

Key Roles and Responsibilities

- The executive sponsor provides strategic direction, removes barriers and approves major decisions.
- The project manager coordinates scope, schedule, budget, resources, risks and communication.

- The business analyst gathers requirements, maps processes, documents user needs and supports acceptance criteria.
- The CRM product owner prioritises functionality and represents business value throughout development.
- The solution architect designs the overall system structure, integration and technical standards.
- Developers and configurators build or adapt the solution, workflows, interfaces and reports.
- Data specialists manage data mapping, cleansing, migration, quality and governance.
- Security and compliance specialists review access, privacy, retention and control requirements.
- Testers verify that the solution meets requirements and handles normal, exception and security scenarios.
- Trainers and change specialists prepare employees and support adoption.
- Business users and customer-facing representatives provide practical feedback and validate the solution.

Team Structure and Collaboration

- The team may be organised as a central project group with representatives from each business function. Complex programmes may use separate workstreams for sales, marketing, service, data, integration and change.
- Clear decision rights prevent delays and conflicting instructions. The team should know who approves requirements, design changes, data definitions and release decisions.
- Regular meetings should focus on decisions, risks, dependencies and progress rather than status reporting alone.

Skills and Effectiveness

- Business process knowledge helps the team understand customer journeys and operational constraints. Technical skills include CRM configuration, integration, data management, testing and security.
- Communication and facilitation skills help resolve differences between departments. Analytical skills support requirements prioritisation, benefit measurement and performance review.
- The team should maintain a shared understanding of objectives, scope, roles and success measures. Decisions and assumptions should be documented.
- After launch, responsibility should transfer clearly to operational owners and support teams.

SCOPING AND PRIORITIZING

Scoping defines the boundaries of the CRM programme, including the processes, customer groups, functions, systems, data and locations covered. Prioritisation determines which requirements should be delivered first.

Defining Scope

- The scope statement should describe business objectives, included processes, excluded activities, user groups, system boundaries, integrations and expected deliverables.
- Scope should identify dependencies such as data cleansing, identity management, network capacity, vendor contracts and other system changes.
- Out-of-scope items should be recorded so stakeholders do not assume they will be delivered in the current phase.
- Scope control prevents uncontrolled expansion and protects the project's time, cost and quality.

Prioritisation Methods

- MoSCoW classification groups requirements as Must have, Should have, Could have and Won't have in the current release. It helps distinguish essential requirements from desirable features.
- Value-versus-effort analysis compares expected benefit with implementation effort. High-value, lower-effort items may be suitable early candidates.
- Risk-based prioritisation gives attention to requirements that reduce major operational, security or compliance risks.
- Dependency analysis identifies requirements that must be completed before others can work.

Minimum Viable Release and Phasing

- A minimum viable release delivers a usable set of core capabilities that can be tested with real users and improved through feedback.
- Phased implementation may begin with one department, region, customer segment or process before extending to the wider organisation.
- Phasing reduces some implementation risks but requires careful integration and communication so customers do not experience inconsistent service between groups.

Scope Change Management

- A change request should describe the requested change, reason, business value, cost, schedule impact, risk and affected processes.
- An authorised group or product owner should decide whether to accept, defer or reject the change.
- Approved changes should be reflected in plans, requirements, tests and communication.

Prioritisation Principles

- Priorities should be based on customer impact, business value, risk, urgency, dependency and delivery capacity.
- Stakeholders should understand that not every requested feature can be delivered immediately.
- Prioritisation should be reviewed as new evidence becomes available, but frequent uncontrolled changes should be avoided.

DEVELOPMENT AND DELIVERY

CRM development and delivery convert approved requirements and designs into a working solution that employees can use to manage customer relationships. Delivery includes configuration or coding, integration, data migration, testing, deployment and support.

Development Approaches

- A sequential or waterfall approach completes major phases in an ordered sequence, with formal approvals between stages. It can be useful where requirements are stable and documentation is important.
- An agile approach delivers work in short iterations, obtains user feedback and adjusts priorities as learning develops.
- A hybrid approach combines structured governance with iterative configuration and testing. The appropriate approach depends on uncertainty, complexity, risk and organisational capability.

Configuration and Development

- Configuration uses platform settings such as fields, forms, roles, workflows and reports to meet business requirements.
- Custom development may be needed for specialised logic, interfaces or integrations that cannot be achieved through standard features.

- Development standards should address naming, documentation, version control, testing and maintainability.
- Customisation should be limited to justified requirements because extensive changes may complicate upgrades and support.

Data Migration

- Data migration transfers customer and related information from existing systems into the new CRM environment.
- Migration planning identifies source systems, data owners, field mappings, transformation rules, duplicate handling, validation and reconciliation.
- Test migrations should be performed before final transfer. Business users should validate representative records and confirm that critical history and relationships are preserved.
- Cutover plans should specify when data entry stops in the old system, how final changes are captured and how the new system becomes authoritative.

Testing

- Unit testing checks individual components. Integration testing checks whether connected systems exchange information correctly.
- System testing evaluates the complete solution against requirements. User acceptance testing confirms that business users can complete realistic tasks.
- Performance testing examines response under expected or peak workload. Security testing examines access, vulnerabilities and protection of information.
- Regression testing checks that changes have not broken previously working functions.
- Defects should be classified by severity, assigned, corrected and retested before release.

Deployment and Post-Implementation Support

- Deployment planning defines the release date, migration sequence, user access, communication, support coverage and rollback arrangements.
- A pilot or phased rollout can reveal issues before wider deployment. Employees should receive training and quick-reference guidance before using the system for live customer work.
- Customers should be informed when changes affect their channels, service arrangements or required actions.

- Hypercare provides enhanced support immediately after launch while users adjust and early defects are corrected.
- Operational support should define incident handling, system administration, user access, vendor escalation and service monitoring. Lessons learned should be documented and used to improve later phases.

MEASUREMENT

CRM measurement evaluates whether the programme and its ongoing activities achieve the intended customer, operational and financial outcomes. Measurement should be planned before implementation so baseline performance can be compared with results after launch.

Measurement Framework

- A measurement framework links objectives to indicators, data sources, calculation methods, owners, reporting frequency and targets.
- Baseline measures describe performance before the change. Without a baseline, it is difficult to determine whether an improvement occurred.
- Targets should be realistic and connected to business priorities. Measures should not encourage employees to manipulate data or prioritise speed over quality.

Customer Measures

- Customer satisfaction measures evaluate reported experience with products, services or interactions.
- Retention and renewal rates indicate the extent to which customer relationships continue over a defined period.
- Churn rate measures customer loss using a clearly defined population and time period.
- Customer effort measures how easy it is for customers to complete a task or resolve an issue.
- Complaint recurrence and resolution outcomes provide insight into service quality and relationship recovery.

Sales and Marketing Measures

- Lead response time measures how quickly the organisation responds to a new enquiry.
- Lead conversion rate measures the proportion of qualified or total leads that become customers, depending on the defined denominator.

- Sales cycle length measures the time between defined sales stages or from qualification to closure.
- Campaign return or contribution compares campaign outcomes with relevant costs. The calculation should distinguish attributed revenue from incremental impact.
- Cross-sell and up-sell rates indicate the extent of additional relevant purchases, but should be interpreted with customer satisfaction and return rates.

Operational and Adoption Measures

- First-contact resolution, average response time, case backlog and SLA attainment indicate service process performance.
- System adoption may be measured through active use, completion of required records, workflow usage and employee feedback.
- Data quality measures may include duplicate rate, missing required fields, validation errors and record freshness.
- System reliability measures may include availability, response time, incident frequency and recovery performance.

Financial Measures and ROI

- Financial evaluation may consider incremental revenue, contribution margin, cost savings, reduced rework, lower service cost and avoided losses.
- Return on Investment compares the net benefit of an investment with its cost over a defined period. The organisation should state whether it uses cash flow, accounting benefit or another method.
- Payback period estimates how long it takes for cumulative benefits to recover the initial investment. It should be calculated using realistic timing assumptions.
- CRM benefits may take time to emerge because employee adoption, process improvement and customer behaviour change gradually.

Balanced Interpretation and Continuous Improvement

- No single metric provides a complete picture. Shorter call handling time may be positive if issues are resolved efficiently, but negative if employees rush customers and cause repeat contacts.

- Metrics should be reviewed by segment, channel and issue type where appropriate. Aggregate results can hide problems affecting a particular customer group.
- Management should investigate unexpected changes, check data definitions and consider external influences before attributing results to CRM.
- Measurement should lead to action. Improvement plans should identify the issue, owner, action, due date and follow-up measure.
- CRM strategy and technology should be reviewed periodically to ensure that they continue to support customer needs and organisational objectives.

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